



## SHARED REVENUES AND BENEFITS JOINT COMMITTEE

**Wednesday, 28 June 2017**

**2.00 pm**

**Committee Room 1, City Hall**

- Membership: Councillors Ray Cucksey (North Kesteven District Council), Ric Metcalfe (City of Lincoln Council), John Money (North Kesteven District Council) and Donald Nannestad (City of Lincoln Council)
- Substitute members: Councillors Peter Burley (North Kesteven District Council), Sue Howe (North Kesteven District Council), Fay Smith (City of Lincoln Council) and Peter West
- Officers attending: Democratic Services (City of Lincoln Council), Claire Moses (City of Lincoln Council), Philip Roberts (North Kesteven District Council), Russell Stone (North Kesteven District Council), Martin Walmsley (City of Lincoln Council) and Gary Watson (City of Lincoln Council)

---

### A G E N D A

---

**If members are unable to attend the meeting, please advise Charlie Mason (Democratic Services Officer) on 01522 873533 as soon as possible. Substitute members will be contacted if they are required to attend the meeting.**

---

| <b>SECTION A</b>   | <b>Page(s)</b> |
|--|----------------|
| 1. Appointment of Chair and Vice-Chair   |                |
| 2. Declarations of Interest  |                |
| Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary. |                |
| 3. Confirmation of Minutes - 21 February 2017  | <b>3 - 6</b>   |
| 4. Revenues and Benefits - Financial Outturn 2016/17   | <b>7 - 10</b>  |
| 5. Revenues and Benefits -Base Budget Forecast 2017/18   | <b>11 - 16</b> |
| 6. Non-Domestic Rate Update  | <b>17 - 28</b> |
| 7. Performance Update  | <b>29 - 42</b> |

- |                            |         |
|----------------------------|---------|
| 8. Right Benefit Incentive | 43 - 54 |
| 9. Invest to Save          | 55 - 60 |

**Details of Next Meeting:** Tuesday, 5 September 2017 (2.00 pm) in Committee Room, North Kesteven District Council Offices

**Present:** Councillor Donald Nannestad (*in the Chair*),  
Councillor Ray Cucksey, Councillor Ric Metcalfe and  
Councillor Stewart Ogden

**Apologies for Absence:** None.

**30. Confirmation of Minutes - 22 November 2016**

RESOLVED that the minutes of the meeting held on 22 November 2016 be confirmed.

**31. Declarations of Interest**

No declarations of interest were received.

**32. Proposed Meeting Dates 2017-18**

Purpose of Report

To seek a decision from the Committee on its meeting dates for 2017-18.

**Decision**

That the proposed meeting dates be agreed.

Alternative Options Considered and Rejected

None.

Reason for Decision

The meeting dates had been proposed in consultation with officers and in accordance with the Committee's likely business over the forthcoming year. The meetings were agreed as follows:

| <b>Proposed Date (Time)</b>       | <b>Proposed Venue</b> |
|-----------------------------------|-----------------------|
| Tuesday, 5 September 2017 (14:00) | Sleaford              |
| Tuesday, 28 November 2017 (14:00) | Lincoln               |
| Tuesday, 27 February 2018 (14:00) | Sleaford              |
| Tuesday, 5 June 2018 (14:00)      | Lincoln               |

**33. Communications Update**

Purpose of Report

To update the Committee on communications in respect of the City of Lincoln Council/North Kesteven District Council Revenues and Benefits shared service.

**Decision**

That the report be noted.

### Alternative Options Considered and Rejected

None.

### Reason for Decision

Members had requested that they be updated regularly on joint communications undertaken in respect of the shared service and so were updated on topics including:

- an educational course project with Lincoln College
- the implementation of the use of Citizens Access Benefits

The report was therefore noted.

## **34. Performance Update**

### Purpose of Report

To provide members with an update on performance in the Revenues and Benefits Shared Service.

### **Decision**

That the report be noted.

### Alternative Options Considered and Rejected

None.

### Reason for Decision

In order to ensure effective oversight of the performance of the shared service, members were provided with regular updates on performance in key areas of the service, including:

- Council Tax collections;
- Business Rates collections;
- outstanding Revenues customers;
- the collection of prior year arrears;
- Housing Benefit overpayments;
- benefits performance.

In addition to the performance measures provided within the report, the interim Assistant Head of the Shared Revenues and Benefits Service provided verbal updates regarding the latest performance information and highlighted that some of the performance information relating to Benefits contained within the provided report was incorrect, although the correct information was contained within the relevant appendix to the report. Members therefore noted both positive and negative changes in performance, and any actions taken by officers to ameliorate relevant issues.

## **35. Revenues and Benefits - Quarter 3 2016-17 Monitoring**

## Purpose of Report

To present to members the third quarter's performance for the Revenues and Benefits shared service for 2016/17.

### **Decision**

1. That the actual position at quarter 3 be noted.
2. That the budget adjustments for 2016/17 be approved as set out in paragraph 3.2 of the provided report.

## Alternative Options Considered and Rejected

None.

## Reason for Decision

The forecast outturn for 2016/17 predicted that there would be an underspend against the approved budget of £8,029, with an underspend of £2,742 having been recorded at quarter 3. Members therefore noted the report. In addition, members approved the allocation of additional grant funding for the service as set out below:

| <b>Budget adjustment</b>                         | <b>CoLC</b>  | <b>NK</b>    | <b>Total</b>  |
|--|--------------|--------------|---------------|
|  | <b>£</b>     | <b>£</b>     | <b>£</b>      |
| Local Authority Data Sharing Funding - Northgate | 6,970        | 6,970        | 13,940        |
| <b>TOTAL</b>                                     | <b>6,970</b> | <b>6,970</b> | <b>13,940</b> |

### **36. Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it is likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

**Revenues and Benefits Shared Service Review.** This item was considered in private as it was likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations had been received in relation to the proposal to consider this item in private.

### **37. Revenues and Benefits Shared Service Review**

#### Purpose of Report

To seek approval to implement a new staffing restructure for the shared service from 1 April 2017, as well as changes to the shared service budget.

### **Decision**

1. That the proposals contained within the business case and revisions to the establishment be approved.

2. That the Operational Board be requested to provide an update regarding the outcome of the selection process identified in the provided report.

#### Alternative Options Considered and Rejected

None.

#### Reason for Decision

The shared service had been formed in June 2011 and a revised staffing structure had been implemented from February 2012. Other than some minor adjustments to the structure, the structure and delivery mechanisms had not been fundamentally altered since that time. Members had previously approved the undertaking of a review, which had been completed and considered by the appropriate consultative bodies within each authority. The minutes of these consultation meetings were noted by members in reaching their decision.

Members discussed the proposals contained in the report and approved the revisions, which would allow the shared service to meet its savings target, re-allocate staffing resources to the appropriate areas, and limit the need for ongoing short-term staffing arrangements. An update would also be provided regarding the outcome of recruitment to posts identified within the report for which an internal competitive process would be undertaken.

**SUBJECT: REVENUES AND BENEFITS - FINANCIAL OUTTURN 2016/17**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**LEAD OFFICER: ROBERT BAXTER, FINANCIAL SERVICES MANAGER**

**1. Purpose of Report**

1.1 To provide Members with the financial outturn for the Revenues and Benefits shared service for 2016/17.

**2. Executive Summary**

2.1 2016/17 Outturn

The 2016/17 financial outturn for the Revenues and Benefits shared service resulted in an overspend of £4,772, a variance of 0.2% of the revised budget.

**3. Background**

3.1 2016/17 Outturn

The business case indicated potential revenue savings of £475,270 for 2016/17.

3.2 These savings were already factored into the annual budget for the shared service with an allowance for a contingency budget of £20,000 to be set aside to fund any unforeseen circumstances and increased service demands.

3.3 The budgets for 2016/17 were increased by £160,120 funded from specific grants received from central government for New Burdens.

**4. Financial Outturn 2016/17**

4.1 The financial performance quarterly monitoring report for the 3<sup>rd</sup> quarter predicted an underspend of £8,029 against the revised budget, after taking into account new burden grants.

4.2 A summary of the main year-end variations against the approved budget for 2016/17 is shown below.

| <b><u>Service Area</u></b>              | <b>£</b> | <b><u>Reason for variance</u></b>  |
|---|----------|--|
| <b>Revenues and Benefits Management</b> |          |  |
| Contingency Budget                      | (20,000) | Retained budget of £20,000 in 2016/17 which has been set aside to fund any unforeseen costs. This underspend is offset against additional resource costs identified below. |
| Structure Changes                       | 77,000   | Cost of restructuring the service  |
| <b>Benefits</b>                         |          |  |
| Staffing                                | (75,860) | Underspend on career graded posts  |
| Printing                                | (10,000) | NKDC Recharges less than in previous years   |
| Telephones                              | (9,290)  | Activity levels less than budgeted   |
| IT Costs                                | (30,420) | New Burdens added here but spent in Revenues   |
| New Burdens                             | (34,630) | New Burdens added here but spent in Revenues   |
| <b>Revenues Local Taxation</b>          |          |  |
| Printing                                | 13,650   | Printing activity higher than budgeted   |
| Agency                                  | 54,730   | To cover vacant roles in the service   |
| Staffing                                | 19,500   | Additional temporary staffing to meet short term demand  |
| Postage                                 | (10,730) | NKDC Recharges less than in previous years   |
| IT Costs                                | 33,560   | IT required in year  |
| <b>Money Advice</b>                     |          |  |
| Car Mileage                             | (1,000)  | Activity less than budgeted  |



**5. Organisational Impacts** (nb. Finance, Legal and E & D sections below are mandatory, others to be completed only where there is an impact)

- 5.1 The financial implications are contained throughout the report.
- 5.2 There are no legal implications arising from this report.
- 5.3 There are no equality and diversity implications as a direct result of this report.

**6. Risk Implications**

- 6.1 A full financial risk assessment is included in the Council's Medium Financial Strategy.

**7. Recommendation**

- 7.1 Members are recommended to note the financial outturn for 2016/17.

**Key Decision** No

**Do the Exempt Information Categories Apply?** No

**Call in and Urgency:** Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

**How many appendices does the report contain?** One

**List of Background Papers:** None

**Lead Officer:** Claire Moses  
Telephone 01522 873764

## Appendix 1 Financial Outturn for 2016/17

### Running Costs

|                          | Annual Budget    |                  |                  | Outturn          |                  |                  | Variance       |               |              |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|---------------|--------------|
|                          | CoLC             | NK               | Combined         | CoLC             | NK               | Combined         | CoLC           | NK            | Combined     |
| Revenues & Benefits      |                  |                  |                  |                  |                  |                  |                |               |              |
| Management               | 176,425          | 176,425          | 352,850          | 195,171          | 195,171          | 390,342          | 18,746         | 18,746        | 37,492       |
| Benefits                 | 719,972          | 500,272          | 1,220,244        | 621,784          | 432,046          | 1,053,831        | (98,188)       | (68,225)      | (166,413)    |
| Revenues Local Taxation  | 317,798          | 329,968          | 647,766          | 368,099          | 382,195          | 750,294          | 50,301         | 52,227        | 102,528      |
| Money Advice             | 108,125          | 108,125          | 216,250          | 107,053          | 107,053          | 214,105          | (1,072)        | (1,072)       | (2,145)      |
| Reduction in Admin Grant | (21,730)         | (11,580)         | (33,310)         | 0                | 0                | 0                | 21,730         | 11,580        | 33,310       |
| <b>Total 2016/17</b>     | <b>1,300,590</b> | <b>1,103,210</b> | <b>2,403,800</b> | <b>1,292,107</b> | <b>1,116,465</b> | <b>2,408,572</b> | <b>(8,483)</b> | <b>13,255</b> | <b>4,772</b> |

**SUBJECT: REVENUES AND BENEFITS – BASE BUDGET FORECAST  
2017/18**

**REPORT BY: CHIEF EXECUTIVE & TOWN CLERK**

**LEAD OFFICER: ROBERT BAXTER, FINANCIAL SERVICES MANAGER**

## **1. Purpose of Report**

- 1.1 To present to Members the Base Budget Forecast for the Revenues and Benefits shared service for 2017/18.

## **2. Executive Summary**

- 2.1 The Delegation and Joint Committee Agreement requires the Base Budget Forecast for the shared to be reported to Members. This report is designed to meet this requirement.
- 2.2 The Base Budget Forecast for 2017/18 is included as Appendix 1 to this report.
- 2.3 The shared service is delivering savings for both authorities in excess of £0.5 million per annum, discounting additional New Burdens grant funded expenditure in 2017/18. A full reconciliation to the previous Base Budget Forecast is included as Appendix 2 to this report.

## **3. Background**

- 3.1 The original Base Budget Forecast for the Revenues and Benefits shared service, was approved in 2011.
- 3.2 A contingency budget of £140k was allowed for in 2012/13, reducing to £100k in 2013/14, £50k in 2014/15 and £20k in 2017/18 thereafter.
- 3.3 The shared service is delivering savings for both authorities in excess of £0.5 million per annum, discounting additional New Burdens grant funded expenditure in 2017/18.

## **4. Base Budget Forecast 2017/18**

- 4.1 The Base Budget Forecast for the shared service has been prepared and is included as Appendix 1 to this report.
- 4.2 A contingency budget of £20k has been included within Management costs to cover unforeseen events, this has reduced from £100k in 2013/14, as the requirement to fund pay protection and disturbance allowances ended in February 2014, in line with the original assumptions approved when the shared service was set up on the 1<sup>st</sup> June 2011.

4.3 Should the contingency budget of £20k be required to fund any additional expenditure, the Head of Shared Revenues and Benefits will submit bids to the Operational Board for full approval by this committee.

4.4 The shared service is delivering savings for both authorities in excess of £0.5 million per annum, discounting additional New Burdens grant funded expenditure in 2017/18. A full reconciliation to the previous Base Budget Forecast is included as Appendix 2 to this report.

## 5. Organisational Impacts

5.1 The financial implications are contained throughout the report.

5.2 There are no legal implications arising from this report.

5.3 There are no equality and diversity implications as a direct result of this report.

## 6. Risk Implications

6.1 Full financial risk assessments are included within both partner authorities Medium Financial Strategies.

## 7. Recommendation

7.1 Members are recommended to approve the Base Budget Forecast for the Revenues and Benefits shared service for 2017/18.

**Key Decision** No

**Do the Exempt Information Categories Apply?** No

**Call in and Urgency:** Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? No

**How many appendices does the report contain?** Two

**List of Background Papers:** None

**Lead Officer:** Claire Moses  
Telephone 01522 873764



## Appendix 1 Base Budget Forecast 2017/18

|                     | 2017/18                |                  |                  |
|---------------------|------------------------|------------------|------------------|
|                     | Shared<br>Service<br>£ | NKDC<br>£        | CoLC<br>£        |
| <b>Management</b>   |                        |                  |                  |
| Employees           | 274,140                |                  |                  |
| Retained budget     | 20,000                 |                  |                  |
| Supplies & Services | 36,600                 |                  |                  |
| <b>Sub Total</b>    | <b>330,740</b>         | <b>170,370</b>   | <b>160,370</b>   |
| <b>Revenues</b>     |                        |                  |                  |
| Employees           | 634,010                |                  |                  |
| Transport           | 3,000                  |                  |                  |
| Supplies & Services | 149,720                |                  |                  |
| Recharge to WLDC    | (76,000)               |                  |                  |
| Income              | (10,500)               |                  |                  |
| CoLC only recovery  | (83,860)               |                  |                  |
| <b>Sub Total</b>    | <b>616,370</b>         | <b>314,350</b>   | <b>302,020</b>   |
| <b>Benefits</b>     |                        |                  |                  |
| Employees           | 1,030,070              |                  |                  |
| Transport           | 5,940                  |                  |                  |
| Supplies & Services | 70,740                 |                  |                  |
| <b>Sub Total</b>    | <b>1,106,750</b>       | <b>464,840</b>   | <b>641,910</b>   |
| <b>Money Advice</b> |                        |                  |                  |
| Employees           | 206,800                |                  |                  |
| Transport           | 8,160                  |                  |                  |
| Supplies & Services | 4,220                  |                  |                  |
| <b>Sub Total</b>    | <b>219,180</b>         | <b>109,590</b>   | <b>109,590</b>   |
| <b>TOTAL</b>        | <b>2,273,040</b>       | <b>1,059,150</b> | <b>1,213,890</b> |

## Appendix 2 – reconciliation to previous Base Budget Forecast (16-21)

|   | 2017/18                |                  |                  |
|---|------------------------|------------------|------------------|
|   | Shared<br>Service<br>£ | NKDC<br>£        | CoLC<br>£        |
| Original budget - 2016 - 2021   | <b>2,257,230</b>       | <b>1,045,300</b> | <b>1,211,930</b> |
| Reduction in Admin Grant  | (30,000)               | (10,000)         | (20,000)         |
| Change in WLDC NNDR Contract  | 2,620                  | 1,340            | 1,280            |
| Extension to two Council Tax Administration Officers                    | 44,325                 | 22,610           | 21,715           |
| Pay Adjustments – Career Grades, New Members of the Pension Scheme etc. | (1,135)                | (100)            | (1,035)          |
| <b>Revised budget – 2017 - 2022</b>                                     | <b>2,273,040</b>       | <b>1,059,150</b> | <b>1,213,890</b> |

This page is intentionally blank.



**SUBJECT: NON-DOMESTIC RATE UPDATE**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR: GARY WATSON, INTERIM HEAD OF SHARED REVENUES AND BENEFITS**

## **1. Purpose of Report**

1.1 To provide Members with an update on a variety of non-domestic rate issues.

## **2. Executive Summary**

2.1 This report provides Members with an update on the following non-domestic rate issues:-

- Revaluation.
- Recent Legislation.
- Spring Budget.
- Discretionary Relief Policy.
- Local Government Finance Bill 2017.

2.2 The report is not intended to include non-domestic rate issues that are covered in other reports before this meeting of the Joint Committee.

## **3. Background**

3.1 Until the 31 March 1990, the non-domestic rate (the general rate) was set by a rating authority based on a rateable value for each hereditament that had been assessed by the Valuation Office Agency (VOA). The rate income was retained by the rating authority, with equalisation effected through the grant system. There were a limited number of reliefs available to the ratepayer, whilst levying a rate on an unoccupied hereditament was at the discretion of the rating authority.

3.2 From 1 April 1990, the general rate was replaced by a national non-domestic rate. The Government sets a multiplier (today we have a standard and a small business multiplier) which is applied to the rateable value for each hereditament, to arrive at the amount payable. Until 31 March 2013, all rate income was pooled by the Government and redistributed based on the population of each local authority. The levying of a rate on an unoccupied hereditament was no longer at the discretion of the billing authority.

3.3 Over the years, there have been a number of changes to the non-domestic rate system. Rural Rate Relief and Small Business Rate Relief have been introduced, whilst the unoccupied rate increased to 100% from 1 April 2008. At the same time, the exemption for unoccupied industrial properties was removed. More recently,

the Government introduced 50% business rate retention on 1 April 2013, which completely changed the attitude of Local Government towards non-domestic rate. No longer was it just important to maintain a high collection rate.

- 3.4 The Government had announced in the last Parliament for 100% business rate retention to be in place from 1<sup>st</sup> April 2020 although earlier this calendar year, it was brought forward to 1 April 2019. The announcement of the General Election cast doubt as to the timetable for moving towards 100% business rate retention. That said, it is important for Joint Committee to be kept informed on all developments within non-domestic rate and it is possible, officers will have more information to share with Joint Committee at this meeting.
- 3.5 It is proposed that a 'stand-alone' report on non-domestic rate is now included on the agenda for all future meetings of the Joint Committee. This will include reference to City of Lincoln Council and North Kesteven District Council together with West Lindsey DC. The collection of non-domestic rate across the three authorities will continue to be covered in a separate report to Joint Committee.

#### **4. Current Issues**

##### **Revaluation**

- 4.1 All non-domestic properties are subject to non-domestic rate ('business rate'). Each non-domestic property is assigned a rateable value by the VOA that is then multiplied by a multiplier, to produce the annual business rate bill. Rateable values are subject to regular updating in England, Scotland and Wales; normally every five years. This is done to ensure that they stay broadly in line with properties' annual rental value.
- 4.2 The revaluation that has taken effect in 2017/18 is the first revaluation since 2010/11; the revaluation scheduled for 2015/16 having been postponed. This delay has contributed to the scale of increases and decreases faced by ratepayers across the country.
- 4.3 The number of hereditaments in the rating lists @ 1 April 2017 for each of the three authorities, is as follows:-
- City of Lincoln C: 3,477
  - North Kesteven DC: 3,214
  - West Lindsey DC: 2,751
- 4.4 An analysis of the rateable value change from 2008 to 2015 (the tone of the lists being 1 April 2008 and 1 April 2015 respectively), is detailed below:-
- West End: + 31%
  - City and Mid Town: + 19%
  - Rest of London: - 5%

- South East: - 8%
- North East: - 8%
- East Midlands: - 11%
- Eastern: - 12%
- North West: - 12%
- West Midlands: - 12%
- Yorkshire & Humber: - 13%
- South West: - 13%

4.5 To accompany the revaluation, a new system for appealing against a rating assessment has been introduced entitled 'Check, Challenge and Appeal'. This is intended to reduce the number of appeals that are unlikely to ever result in a lower rateable value. Until now, these have created a delay in dealing with those appeals that are more likely to succeed. The process is now conducted through the Government Gateway portal, although it has to be said, the technology has come in for considerable criticism from both ratepayers and their agents.

### **Recent Legislation**

4.6 A range of new legislation was introduced earlier this calendar year that took effect on the 1 April 2017. The most significant legislation is summarised below:-

- Multiplier

The non-domestic rating multiplier for 2017/18 was set at 47.9p (49.7p in 2016/17) and the small business non-domestic rating multiplier at 46.6p (48.4p in 2016/17).

- Transitional Relief

For those that would otherwise have seen a significant increase in their rate liability following the recent revaluation, the Government put in place a transitional relief scheme to limit and phase in rate bills. To help pay for the limits on increases in bills, there were also limits on reductions in bills. Under the transitional relief scheme, limits continue to apply to yearly increases and decreases, until the full amount is due.

The scheme applies only to the bill based on a property at the time of the revaluation. If there any changes to the property after 1 April 2017, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value. In addition, new hereditaments not in the 2016/17 local rating list are unlikely to be entitled to any form of transitional relief.

- Small Business Rate Relief

Ratepayers who occupy a property with a rateable value which does not exceed £50,999 (and who are not entitled to other mandatory reliefs or liable for unoccupied rate) will have their bills calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, if the sole or main property is shown on the rating list with a rateable value which does not exceed £15,000, the ratepayer will generally receive a percentage reduction in their rates bill for this property, up to a maximum of 100%. For a property with a rateable value of not more than £12,000, the ratepayer will receive a 100% reduction in their rates bill.

Generally, this percentage reduction (relief) is only available to ratepayers who occupy either:-

- One property; or
- One main property and other additional properties, providing those additional properties each have a rateable value which does not exceed £2,899.

The rateable value of the property in (a) or the aggregate rateable value of all the properties in (b), must not exceed £19,999 outside London or £27,999 in London on each day for which relief is being sought. If the rateable value, or the aggregate rateable, increases above these levels, relief will cease from the day of the increase.

For those businesses that take on any additional property which would normally have meant the loss of small business rate relief, they are currently allowed to keep that relief for a period of 12 months.

The number of hereditaments that attracted small business rate relief @ 1 April 2017 for each of the three authorities, is as follows:-

- City of Lincoln C: 1,150 (1,077 in receipt of 100% relief)
- North Kesteven DC: 1,445 (1,382 in receipt of 100% relief)
- West Lindsey DC: 1,214 (1,163 in receipt of 100% relief)

- Local Newspapers

The Government is providing funding to billing authorities so that they can provide a discount worth up to £1,500 a year for two years, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title and per property.

Billing authorities are expected to use their discretionary powers under Section 47 Local Government Finance Act 1988 to grant the relief. In doing so, they will be compensated for the cost of granting the relief through a

Section 31 grant from the Government.

The number of hereditaments currently benefiting from this relief @ 1 April 2017 for each of the three authorities, is as follows:-

- City of Lincoln C: 1
  - North Kesteven DC: 0
  - West Lindsey DC: 0
- Rural Relief

Certain types of property in a rural settlement with a population below 3,000 may be entitled to relief. The property must be the only general store, the only post office or a food store and have a rateable value of less than £8,500, or the only public house or the only petrol station and have a rateable value of less than £12,500. The property has to be occupied.

An eligible ratepayer was entitled to relief at 50% since the relief was introduced on the 1 April 1997. The billing authority had discretion to award discretionary relief up to 100% if certain conditions were satisfied, although a proportion of any relief awarded needed to be borne by the billing authority. The Government is now encouraging billing authorities to award the additional 50% discretionary relief under Section 47 Local Government Finance Act 1988 by fully compensating authorities through a Section 31 grant.

The number of hereditaments currently benefiting from 100% relief @ 1 April 2017 for each of the three authorities, is as follows:-

- City of Lincoln C: 0
  - North Kesteven DC: 23
  - West Lindsey DC: 32
- Uprating of Relief Thresholds

As a result of the revaluation, the following thresholds (other than those relating to small business relief) have increased:-

- Empty property threshold from £2,599 to £2,899.
- Stud farm discount from £4,200 to £4,700.

### **Spring Budget**

- 4.7 The Chancellor announced in his Spring Budget on the 8 March 2017, three measures to assist ratepayers that experienced increases in their rate liability

following the revaluation. These are analysed below:-

- Supporting Small Businesses Relief Scheme

This relief is to be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief. The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who lost some or all of their small business or rural rate relief may have faced very large percentage increases in bills from 1 April 2017.

To assist these ratepayers, the Supporting Small Businesses Relief Scheme will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:-

- A cash value of £600 per year (£50.00 per month). This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought in to paying something; or
- The matching cap on increases for small properties in the transitional relief scheme.

Billing authorities are expected to use their discretionary powers under Section 47 Local Government Finance Act 1988 to grant the relief. In doing so, they will be compensated for the cost of granting the relief through a Section 31 grant from the Government.

The number of hereditaments that are likely to benefit from the scheme @ 1 April 2017 for each of the three authorities, is as follows:-

- Loss of small business relief
  - City of Lincoln C: 7
  - North Kesteven DC: 24
  - West Lindsey DC: 17
- Loss of rural relief
  - City of Lincoln C: 0
  - North Kesteven DC: 1
  - West Lindsey DC: 0

The DCLG advised Chief Finance Officers in a Business Rates Information Letter (2/2017) on the 9 March 2017 that formal guidance, detailing the operation of the scheme, including more complex cases and future years, would follow. Following the announcement of the General Election, the Government then advised billing authorities on the 21 April 2017 that whilst

the DCLG would continue to work on the Budget measures and associated New Burdens Assessment, they did not expect to publish any documents, or make any further announcements about the Budget measures, before the General Election.

However, a letter was sent by the DCLG to Chief Financial Officers on the 15 May 2017 which included guidance on how the scheme would operate. Before receipt of this letter, officers had already identified those ratepayers who would be likely to benefit under the scheme and started to apply any relief. This has proved to be a manual exercise as software suppliers have been unable to write programmes whilst formal guidance was awaited.

With the General Election now behind us, officers are currently waiting for further guidance from DCLG on this measure that was announced in the Spring Budget. Officers will provide Joint Committee with an update at this meeting.

- Support for Pubs Scheme

This relief is for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1,000 discount on their bill for 2017/18. Billing authorities are expected to use their discretionary powers under Section 47 Local Government Finance Act 1988 to grant the relief. In doing so, they will be compensated for the cost of granting the relief through a Section 31 grant from the Government.

The number of hereditaments that it is anticipated may benefit from this relief @ 1 April 2017 for each of the three authorities, is as follows:-

- City of Lincoln C: 65
- North Kesteven DC: 50
- West Lindsey DC: 60

The DCLG advised Chief Finance Officers in a Business Rates Information Letter (2/2017) on the 9 March 2017 that it intended to publish a consultation on the operation of the scheme shortly. Following the announcement of the General Election, the Government then advised billing authorities on the 21 April 2017 that whilst the DCLG would continue to work on the Budget measures and associated New Burdens Assessment, they did not expect to publish any documents, or make any further announcements about the Budget measures, before the General Election.

The letter sent by the DCLG to Chief Financial Officers on the 15 May 2017 confirmed that final guidance on the operation and scope of the scheme would be issued as soon as possible. Before receipt of this letter, officers had already identified those ratepayers who would be likely to benefit under the scheme, although until final guidance has been issued, no action is being taken by officers to promote and / or award the relief.

With the General Election now behind us, officers are currently waiting for

further guidance from DCLG on this measure that was announced in the Spring Budget. Officers will provide Joint Committee with an update at this meeting.

- Discretionary Relief Scheme

A £300m discretionary fund over four years from 2017/18, to support those businesses that faced the steepest increases in their business rate bills as a result of the recent revaluation, has been established. The intention is that every billing authority will be provided with a share of the £300 million to support their local businesses. Billing authorities are expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers.

The £300m would cover the four years from 2017/18; the proposed breakdown being:-

- £175m in 2017/18
- £85m in 2018/19
- £35m in 2019/20
- £5m in 2020/21

The DCLG advised Chief Finance Officers in a Business Rates Information Letter (2/2017) on the 9 March 2017 that a consultation paper entitled 'Consultation on proposals on the Design and Implementation of the Locally Administered Business Rate Relief Scheme' had been published that day with a closing date for responses of 7 April 2017.

Following the announcement of the General Election, the Government advised billing authorities on 21 April 2017 that whilst the DCLG will continue to work on the Budget measures and associated New Burdens Assessment, they did not expect to publish any documents, or make any further announcements about the Budget measures, before the General Election. However, on Monday, 24 April 2017, they announced that they had now considered the responses to the consultation paper and determined that final allocations to local authorities will be made according to the draft allocations published as part of the consultation.

Letters were then sent to the Chief Financial Officers of each Billing Authority on Friday, 28 April 2017 to confirm the grant distributions for 2017/18. The grant distributions for the three authorities in 2017/18, is as follows:-

- City of Lincoln C: £99,057
- North Kesteven DC: £93,167
- West Lindsey DC: £78,687



The subsequent letter sent by the DCLG to Chief Financial Officers on the 15 May 2017 confirmed that councils should now be proceeding with developing their local schemes. Issues have been raised by Local Government with DCLG (i.e. the ability to flex money between financial years) and further advice and guidance will be provided as soon as possible. That said, the intention of the scheme was set out in the consultation paper and there is an expectation that billing authorities will collaborate with other authorities operating within the area to discuss options with their major precepting authorities and to consult, before adopting any scheme.

Officers have liaised with other authorities (and not just in Lincolnshire), to understand where they are with developing their local schemes. Each authority will want to approve their own scheme and meetings have been arranged with colleagues in Lincolnshire at the beginning of July. It will be for each authority to identify those ratepayers they would want to support under the criteria set out in the consultation paper; mindful of the funding available.

With the General Election now behind us, officers are currently waiting for further guidance from DCLG on this measure that was announced in the Spring Budget. Officers will provide Joint Committee with an update at this meeting.

4.8 As a footnote, it should be stressed that all the measures announced in the Spring Budget are to be awarded under Section 47 Local Government Finance Act 1988. No one relief announced in the Spring Budget can be looked at on its own and this presents a problem when applying relief and developing any scheme.

#### 4.9 **Discretionary Rate Relief Policy**

4.10 The City of Lincoln Council and North Kesteven DC have quite different policies for awarding Discretionary Rate Relief; as does West Lindsey DC. It is for each council to determine their own policies, taking in to account their own strategic priorities. At the present time, whilst the Discretionary Rate Relief Policy for North Kesteven DC was reviewed in 2015, the policy for City of Lincoln C has not been reviewed since 2003. The existing policies are in need of review and must reflect the increasing use by the Government of Section 47 Local Government Finance Act 1988, to fully fund reliefs awarded at the discretion of a billing authority.

4.11 It is intended that each council reviews its own Discretionary Rate Policy during 2017/18 with the aim of having a new Policy in place for 2018/19. In doing so, there will need to be full engagement between officers, members and stakeholders. Three key areas of the review will include:-

- Criteria for awarding relief.
- Restriction on amount of relief to be awarded.
- Period for which relief is awarded.

## **Local Government Finance Bill 2017**

4.12 The Local Government Finance Bill 2017 was introduced in to Parliament on the 13 January and had its second reading on the 23 January. There were ten debates on the Bill in Committee; the last being on the 21 February. However, following the dissolution of Parliament on 3 May, all business came to an end and it will be for the next Government to consider bringing a Bill back before Parliament.

4.13 If a new Government is committed to 100% business rate retention, there will be a need for a Bill to be introduced in to Parliament. Should the timetable for implementation remain at 1 April 2019 or 1 April 2020, then a Bill would need to be in the Queen's Speech later this year. In the meantime, officers felt committee may benefit from knowing what was covered in the Bill, before Parliament was dissolved. The Bill was made up of four parts; these were as follows:-

- Part 1: Local Government Finance Settlement
  - Local retention of non-domestic rate
  - Local government finance settlement
  - Council tax referendum principles
- Part 2: Non-Domestic Rate in England
  - Indexation rate for non-domestic rating multipliers
  - Multiplier discounts
  - Rural rate relief
  - Telecommunications infrastructure relief
  - Public toilet relief
  - Central rating: other reliefs
  - Central rating lists administration
  - Electronic billing
  - Rating notices
  - Provision of digital services by HMRC
- Part 3: Infrastructure Supplements
  - Infrastructure supplements

- Part 4: Other Business Rate Supplements
  - Business improvement districts
  - Business rate supplements

## 5. Strategic Priorities

5.1 Both City of Lincoln C and North Kesteven DC have a number of strategic priorities. Two that have an impact on the Non-Domestic Rate Service are:-

- City of Lincoln C: “Let’s Reduce Inequality”.
- North Kesteven DC: “Community Wellbeing and a Vibrant Economy”.

5.2 Both authorities look to protect the poorest people. The Non-Domestic Rate Service is mindful of the strategic priorities when engaging with business ratepayers as they look to recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

5.3 At the City of Lincoln C, a strategic priority that underpins the authority’s vision for 2020 is ‘*Let’s reduce inequality*’; within which, there is the aspiration ‘*Let’s help people succeed*’. To achieve this aspiration, there is to be examination of the Discretionary Rate Relief Policy. This will involve an exploration of how the city council’s Discretionary Rate Relief Policy could be used to create employment opportunities for residents.

## 6. Organisational Impacts

### 6.1 Finance

The cost of awarding discretionary rate relief changed on the 1 April 2013 with the introduction of 50% business rate retention. Today, the cost of awarding all forms of relief (other than transitional relief) is now split between the Government, billing authorities and major preceptors on a fixed percentage basis. For the three authorities, 50% is borne by the Government, 40% by the billing authority and 10% by the County Council.

### 6.2 Legal Implications Including Procurement Rules

Any appeal against a billing authority’s decision to refuse the award of discretionary relief would be by way of an application of judicial review to the High Court. In the first instance, any appeal against a decision of officers to refuse an application for discretionary relief will be considered by a panel of two senior officers; one of whom should be the chief financial officer. There is no further right of appeal to members.

### 6.3 Land, Property and Accommodation

There are no direct implications arising from this report.

6.4 Human Resources

There are no direct implications arising from this report.

6.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required).

The equality implications have been considered within this report. In bringing forward any change to the existing criteria for awarding discretionary relief, consideration will be given as to whether a full Equality Impact Assessment is required.

6.6 Significant Community Impact

There is no change in policy / strategy or the way the service is being delivered.

6.7 Corporate Health and Safety Implications

There are no corporate Health and Safety implications.

**7. Risk Implications**

7.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

**8. Recommendation**

8.1 Members are requested to note this report.

**Is this a key decision?** Yes/No

**Do the exempt information categories apply?** Yes/No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** Yes/No

**How many appendices does the report contain?** None

**List of Background Papers:** None

**Lead Officer:** Gary Watson, Interim Head of Shared Revenues and Benefits  
Telephone (01522) 873764

|                       |   |
|-----------------------|---|
| <b>SUBJECT:</b>       | <b>PERFORMANCE UPDATE</b>   |
| <b>DIRECTORATE:</b>   | <b>CHIEF EXECUTIVE AND TOWN CLERK</b>                             |
| <b>REPORT AUTHOR:</b> | <b>CLAIRE MOSES, INTERIM HEAD OF SHARED REVENUES AND BENEFITS</b> |

**1. Purpose of Report**

1.1 To provide Revenues and Benefits Joint Committee with an update on performance in the Revenues and Benefits Shared Service for 2016/17.

**2. Executive Summary**

2.1 This report provides an update on Revenues and Benefits performance outturns for final year 2016/17 and updates on performance up to the 30 April 2017. The areas covered in the report are:-

- Council Tax;
- Business Rates;
- Council Tax and Business Rates (Arrears);
- Outstanding Revenues Customers;
- Housing Benefits Overpayments;
- Benefits; and
- Discretionary Housing Payments.

2.2 In 2016/17, the focus of this quarterly report to Members was to compare performance against the same position in 2015/16 and where appropriate, with previous quarters in 2016/17. Looking ahead, future reports will also compare performance against any targets that are set for the service. Details of current performance are set out in the **Appendix** to the report.

**3. Background**

3.1 At the last meeting of this committee on the 21 February 2017, a report was presented detailing Revenues and Benefits performance up to the 31 December 2016. This report, looks at the period 2016/17 and period ending 30 April 2017.

3.2 Performance is reported to this committee on a quarterly basis.

#### 4. Performance

##### Council Tax

- 4.1 The annual in-year collection for Council Tax, since the shared service was formed (1 June 2011), are shown in the table below: -

| Council Tax    | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 |
|----------------|---------|---------|---------|---------|---------|---------|
| Lincoln        | 97.09%  | 97.12%  | 96.93%  | 96.56%  | 96.32%  | 96.80%  |
| North Kesteven | 99.14%  | 99.16%  | 99.25%  | 99.16%  | 99.13%  | 99.40%  |

Officers consider these to be extremely positive outturns given the ongoing welfare reforms, impact of Council Tax Support and the general economic climate. City of Lincoln's in-year collection has now improved in each of the last three years, whilst North Kesteven has maintained an impressive collection rate above 99% in each of the three years.

Comparing 2016/17 to 2015/16, outturn figures in City of Lincoln are down by 0.03% and in North Kesteven are down by 0.02%.

For City of Lincoln, this equates to £11,167 of the net collectable debt and £2,105 for North Kesteven.

- 4.2 When considering the current collection levels, it should be noted that the collectable debt for both City of Lincoln and North Kesteven have increased from 2015/16 by £1.78m and £2.92m respectively.
- 4.3 With a collection rate of 97.09% for City of Lincoln and 99.14% for North Kesteven, it should be noted that the total net receipt has increased from 2015/16 by £1.72m and £2.88m for North Kesteven.
- 4.4 The table below details the above information for City of Lincoln:

|            | Collection % | Net collectable debt (£) | Total net receipt (£) |
|------------|--------------|--------------------------|-----------------------|
| 2016-17    | 97.09        | 37,223,239               | 36,139,030            |
| 2015-16    | 97.12        | 35,434,431               | 34,413,087            |
| Difference | -0.03        | +1,788,808               | +1,725,943            |

- 4.5 The table below details the above information for North Kesteven:

|            | Collection % | Net collectable debt (£) | Total net receipt (£) |
|------------|--------------|--------------------------|-----------------------|
| 2016-17    | 99.14        | 54,628,364               | 54,154,478            |
| 2015-16    | 99.16        | 51,709,363               | 51,272,377            |
| Difference | -0.02        | +2,919,001               | +2,882,101            |

## Business Rates

- 4.6 The annual in-year collections for Business Rates, since the shared service formed (1 June 2011), are shown in the table below: -

| <b>Business Rates</b> | <b>2016/17</b> | <b>2015/16</b> | <b>2014/15</b> | <b>2013/14</b> | <b>2012/13</b> | <b>2011/12</b> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Lincoln</b>        | <b>99.43</b>   | 99.78%         | 99.46%         | 99.31%         | 99.08%         | 99.20%         |
| <b>North Kesteven</b> | <b>99.09</b>   | 99.46%         | 99.78%         | 99.53%         | 99.93%         | 99.70%         |
| <b>West Lindsey</b>   | <b>97.34</b>   | 99.44%         | 99.17%         | 99.12%         | 99.13%         | 98.90%         |

Comparing 2016/17 to 2015/16, outturn figures in City of Lincoln are down by 0.35%, in North Kesteven are down by 0.37% and in West Lindsey, are down by 2.10%.

- 4.7 Whilst collection is below 2015/16 outturn, there have been significant improvements during the final quarter of 2016/17 for North Kesteven and West Lindsey. Collection as at 31 December 2016 was 2.18% below and 5.88% below, respectively.
- 4.8 With a collection rate of 99.43% for Lincoln, 99.09% for North Kesteven and 97.34%, it should be noted total net receipt had increased from 2015/16 by £0.66m, £0.57m and £0.04m respectively.
- 4.9 There were a number of reasons that contributed to the drop in collection rates. These included: -
- Historically, for all three Districts schedules, rateable changes from the Valuation Office Agency have not been entered into the Business Rates ICT system during the last six weeks of the year. Due to the impact this has on the local authorities' financial position and to ensure that accounts and returns are prepared in accordance with proper accounting principles and best practice, this work will take place going forward. As a result, this did and could continue to have a detrimental impact on in-year collection rates, as an increased collectable debit is added towards the end of the year but realistically cannot be then fully collected in the limited time remaining in that year. Equally, there could be a reduction in collectable debit.
  - West Lindsey District Council: -
    - In 2015/2016, due to the large adjustments to the rateable values of doctors surgeries there were some accounts which had large overpayments. This was particularly the case where the surgeries continued to pay their billed instalments from 2015/16 and not realising that the accounts had gone into credit. The value that

needed to be refunded which was counting towards the collection rate was 182,227.

- There has been a significant increase in the rateable value on the WLDC system due to the 'Invest to Save' project (Officers will present an update in a separate report). This has had a significant impact on this year's collection figure as the work started in November and where identified and brought into the listings these hereditaments have been brought in towards the end of the financial year and in some cases been backdated.
- The Rateable Value for one property increased from 485000 to 685000 in April 2016 and was backdated to 31.7.2012. Officers had no indication this was going to happen. During the period 31.7.2012 to the date that the increase was received, there had been two companies in occupation. The first was a company who had gone into liquidation sometime before the RV increase. Therefore their debt was uncollectable and was included in the write outs sent to WLDC for authorisation in November 2016 – this equated to £222,781 for 2012/13 and 2013/14. However the company that was in occupation, had been struggling with payment of the rates before the RV was increased to 685,000. We were informed in October 2016 that they were considering a CVA but in December 2016 we were informed that the company had gone into administration and the debt up to the 31.3.2017 was included in their administration as a unsecured debt. This figure is £297,417.40 (this was 92,490.00 for 2015/16, and 204,927.40 for 2016/17)
- Processes at WLDC for write outs have caused some difficulties for any debts identified for write out during the year. The account above being a good example as the debt is uncollectable, had this been written out before the end of the year, the collectable debt figure would have been reduced by this write out and the collection rate would have improved. Write outs for 2016/17 total £297,544.96 (which includes the balance for the second company as mentioned in the above paragraph)
- Had the write outs been authorised towards the end of March so that they were written off the system before 31.3.2017 and if schedules had been halted as they had been historically before annual billing, the yearend outturn in collection would have improved the collection rate by 2.172% - showing a small improvement on the collection rate for the year 2015/2016 and 2016/17.

4.10 The table below details the above information for City of Lincoln:

|                   | <b>Collection %</b> | <b>Net collectable debt (£)</b> | <b>Total net receipt (£)</b> |
|-------------------|---------------------|---------------------------------|------------------------------|
| <b>2016-17</b>    | 99.43               | 44,103,355                      | 44,357,597                   |
| <b>2015-16</b>    | 99.78               | 43,567,964                      | 43,691,443                   |
| <b>Difference</b> | <b>-0.35</b>        | <b>+535,391</b>                 | <b>+666,151</b>              |



4.11 The table below details the above information for North Kesteven:

|                   | <b>Collection %</b> | <b>Net collectable debt (£)</b> | <b>Total net receipt (£)</b> |
|-------------------|---------------------|---------------------------------|------------------------------|
| <b>2016-17</b>    | 99.09               | 26,206,144                      | 25,966,851                   |
| <b>2015-16</b>    | 99.46               | 25,259,707                      | 25,389,877                   |
| <b>Difference</b> | <b>-0.37</b>        | <b>+946,434</b>                 | <b>+576,974</b>              |

4.12 The table below details the above information for West Lindsey:

|                   | <b>Collection %</b> | <b>Net collectable debt (£)</b> | <b>Total net receipt (£)</b> |
|-------------------|---------------------|---------------------------------|------------------------------|
| <b>2016-17</b>    | 97.34               | 16,887,839                      | 16,438,475                   |
| <b>2015-16</b>    | 99.44               | 16,300,814                      | 16,391,757                   |
| <b>Difference</b> | <b>-2.10</b>        | <b>+587,025</b>                 | <b>+46,718</b>               |

### **Council Tax and Non-Domestic Rate (Arrears)**

4.13 Whilst outturn is below 2015/16, it is encouraging to report that despite an ever-increasing collectable debt, the level of in-year Council Tax and Business Rates arrears (i.e. debts relating to previous years) continues to reduce month-on-month. There have been significant improvements in the last quarter with a reduction of £854,756 for City of Lincoln and £427,479 for North Kesteven. In the past, authorities have focussed on 'in-year' collection. The approach adopted by the Shared Service is to look at the debt as a whole and not just whether it relates to in-year or previous years.

### **Outstanding Revenues Customers**

4.14 The table below shows the number of outstanding revenues correspondence (not including email) in our document management system, at the end of each of the last six financial years: -

| <b>Business Rates</b> | <b>2016/17</b> | <b>2015/16</b> | <b>2014/15</b> | <b>2013/14</b> | <b>2012/13</b> | <b>2011/12</b> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Lincoln</b>        | <b>298</b>     | 448            | 1,025          | 683            | 939            | 1,713          |
| <b>North Kesteven</b> | <b>223</b>     | 266            | 356            | 545            | 465            | 577            |
| <b>TOTAL</b>          | <b>521</b>     | <b>714</b>     | <b>1,381</b>   | <b>1,228</b>   | <b>1,404</b>   | <b>2,290</b>   |

This is positive, showing the number of items outstanding at 31 March 2017 being by far the lowest over the last six years. However, this position somewhat 'masks' the true position due to the increased level of demands on the Revenues Team through telephone calls and in particular, via e-mail. Whilst the number of outstanding e-mails has continued to reduce during 2016/17, the current number outstanding is 875.

It should be noted that the number received has increased considerably due to the increased levels of contact from customers as a result of the billing process which took place in March.

4.15 There have also been a number of changes within the Council Tax team within the last 3 months which have resulted in the following vacancies: -

- Council Tax Administration Officer – 3 vacancies (part-time)
- Senior Support and Systems Officer – 1 vacancy (full-time)

The vacancies are currently being advertised internally throughout City of Lincoln and North Kesteven District Council. If these vacancies are not filled internally, the usual recruitment process will continue with external advertisement.

4.16 The position will be improved in-year due to the continued implementation of changes to current processes through the introduction of new electronic / self-serve forms. The Council Tax Administration team are currently working with City of Lincoln Business Development Team to implement processes to channel shift customer contact, internal contact and adopt 'lean' principles.

### **Housing Benefit Overpayments**

4.17 At the 31 March 2017, in-period collection stood at 76.38% for City of Lincoln and 70.16% for North Kesteven. Although performance has increased in both authorities throughout the year, it is still down in comparison to 2015/16. Accepting the need to tackle this notoriously difficult debt to collect, a project team is now in place. The team reviewed collection / recovery arrangements and implemented a wide range of techniques to improve collection. This has been ongoing for 4 months and already, there have been increases in collection for City of Lincoln achieving 76.38%.

4.18 As previously reported to committee, there does continue to be an increase in the amount of overpayments being raised; this can be highlighted in the following table:-

| <b>Authority</b>           | <b>£ raised<br/>1.4.16-<br/>31.3.17</b> | <b>£ raised<br/>1.4.15-<br/>31.3.16</b> | <b>Increase in £<br/>raised (and<br/>% increase)</b> |
|----------------------------|---|---|--|
| <b>City of<br/>Lincoln</b> | £2,049,479                              | £1,695,736                              | £353,743<br>(17.26%)                                 |
| <b>North<br/>Kesteven</b>  | £1,093,505                              | £917,891                                | £175,614<br>(16.06%)                                 |

4.19 There are various reasons for the increases in the amount of overpayments being raised; these include:-

- 'FERIS' (Fraud and Error Reduction Incentive Scheme) work being carried out. This involves reviewing cases proactively to identify changes in

customers' circumstances.

- Increase in cases from the Single Fraud Investigations Service.
- RTI (Real Time Information) scan data identifying changes in circumstances often going back several months / years.

4.20 Officers would like to draw Members attention to the 'Right Benefit Initiative' report which is on the agenda for this meeting, and provides details on funding and actions which will be taken during 2017/18 to reduce outstanding debt levels.

### Benefits

4.21 The table below shows the outstanding benefits work at the end of each of the last six financial years: -

| <b>No. Benefits customers outstanding</b> | <b>2016/17</b> | <b>2015/16</b> | <b>2014/15</b> | <b>2013/14</b> | <b>2012/13</b> | <b>2011/12</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Lincoln</b>                            | <b>555</b>     | 1,064          | 1,267          | 2,396          | 2,004          | 2,401          |
| <b>North Kesteven</b>                     | <b>550</b>     | 714            | 1,036          | 978            | 1,206          | 2,648          |
| <b>TOTAL</b>                              | <b>1,105</b>   | <b>1,778</b>   | <b>2,303</b>   | <b>3,374</b>   | <b>3,210</b>   | <b>5,049</b>   |

This table shows the Benefits work being in, by far, the best position in recent years; however, there is still work to be done to improve this further – and maintain an improved position with further challenges ahead for the Benefits Team in relation to welfare reform and legislative changes

City of Lincoln continue to perform well in terms of outstanding work and average processing times. Following a review of processes in September 2016, and the implementation of a number of changes and initiatives, performance began to improve and is currently being maintained.

As at the end of April 2017, outstanding number of customers stands at 1,375 (Lincoln 892, North Kesteven 483) – this is much lower than the position at the end of April 2016 (2,347). The position has continued to improve during April, and at the time of writing this report (12 May 2017), the overall position is Lincoln at 508 and North Kesteven at 502 outstanding customers. Oldest dates to be worked on are 11 May 2017 for both authorities. Areas of work sat outside the Document Image System (from which the above figures are reported) are up-to-date – e.g. ATLAS, RTI, DHP, Appeals and Reconsiderations decisions.

4.22 The table below shows the average time for processing Housing Benefit New Claims and Changes of Circumstance over the last three financial years (figures not shown prior to April 2013, as these included the former national Council Tax Benefit scheme):

| Average no. days to process |            | 2016/17 | 2015/16 | 2014/15 | 2013/14 |
|-----------------------------|------------|---------|---------|---------|---------|
| Lincoln                     | New Claims | 29.44   | 25.45   | 26.14   | 28.33   |
|                             | Changes    | 4.49    | 5.40    | 5.07    | 6.97    |
| North Kesteven              | New Claims | 15.98   | 12.76   | 12.05   | 12.66   |
|                             | Changes    | 3.05    | 2.84    | 2.91    | 2.92    |

Whilst the overall position has been relatively static, maintenance of average processing times continues to be more challenging with the raft of welfare reforms and changes being implemented. Average processing times for North Kesteven continue to be lower in terms of days than Lincoln due to the very different demographics of the two districts, and impacts this has on the amount of time it can take for information to be provided to process a claim – also with a significantly higher number of working-age Housing Benefit claims in Lincoln this also impacts on claim turnaround times.

#### Discretionary Housing Payments

4.23 At the 31 March 2017, Discretionary Housing Payments (DHP) expenditure was as follows:-

| Authority              | DHP Government Grant 2016/17  | £ Expenditure at end March 2017 | £ Unallocated DHP (and %) – compared to grant |
|------------------------|---|---------------------------------|---|
| <b>City of Lincoln</b> | £173,675 (+ £26,709 unallocated monies from general fund carried-forward from 2015/16) = £200,384 | £154,407                        | £19,268 = 11.09%                              |
| <b>North Kesteven</b>  | £107,514 (+ £20,000 from Housing Revenue Account) = £127,514                                      | £106,187                        | £1,327 = 1.23%                                |

4.24 Officers have monitored DHP spend throughout the year and have ensured DHP processing was as up to date as possible up to 31 March 2017 – making sure as much of the budget was spent as applied for. 2016/17 is the first year there has

been an under spend due to the reduced take-up of DHP's. The aim for 2017/18, as in all years, is to allocate up to the grant limit.

- 4.25 Officers will provide further information relating to the tenure type for DHP awards, along with the reason for the award – such as general shortfall or whether the customer has been affected by Welfare Reforms. This information will be provided in the next report to Joint Committee in September 2017.

## **5. Strategic Priorities**

- 5.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-

- Lincoln: "Let's Reduce Inequality".
- North Kesteven: "Community Wellbeing and a Vibrant Economy".

- 5.2 Both authorities look to protect the poorest people. The Benefits Service plays a key role in reducing poverty and disadvantage by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section are also mindful of the strategic priorities when engaging with business ratepayers as they recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

## **6. Organisational Impacts**

- 6.1 Finance: There are no direct financial implications arising from this report.
- 6.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.
- 6.3 Land, property and accommodation: There are no direct implications arising from this report.
- 6.4 Human Resources: There are no direct implications arising from this report.
- 6.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – There are no direct Equality, Diversity or Human Rights implications arising from this report.
- 6.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.
- 6.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

## **7. Risk Implications**

- 7.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

**8. Recommendation**

8.1 Members note this report.

**Is this a key decision?** Yes/No

**Do the exempt information categories apply?** Yes/No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** Yes/No

**How many appendices does the report contain?** Appendix: Performance Data to 31 March 2017

**List of Background Papers:** None

**Lead Officer:** Claire Moses, Interim Assistant Head of Shared Revenues and Benefits  
Telephone (01522) 873764

28<sup>TH</sup> JUNE 2017 – SHARED REVENUES AND BENEFITS JOINT COMMITTEE

Appendix 1 –Revenues and Benefits Performance Data – 2016/17 Outturn and to End April 2017

| Measure  | 2015/16 Outturn |            | 2016/17 Outturn |            | To end April 2017                    |                                      |
|--|-----------------|------------|-----------------|------------|--------------------------------------|--------------------------------------|
|  | NK              | COL        | NK              | COL        | NK                                   | COL                                  |
| <b>Local Authority</b>   |                 |            |                 |            |                                      |                                      |
| <b>Council Tax collection (cumulative)</b>   | 99.16%          | 97.12%     | 99.14%          | 97.09%     | 11.31%<br><i>End Apr 2016 11.49%</i> | 10.13%<br><i>End Apr 2016 10.24%</i> |
| <b>NDR collection (cumulative)</b>   | 99.46%          | 99.78%     | 99.09%          | 99.43%     | 25.24%<br><i>End Apr 2016 25.31%</i> | 14.77%<br><i>End Apr 2016 15.33%</i> |
| <b>NDR collection – WLDC (cumulative)</b>  | 99.44%          |            | 97.34%          |            | 16.87%<br><i>End Apr 2016 18.56%</i> |                                      |
| <b>No. Revenues customers awaiting change to be processed</b>                          | 266             | 448        | 223             | 298        | 524<br><i>End Apr 2016 223</i>       | 331<br><i>End Apr 2016 465</i>       |
| <b>Total Net Arrears for Council Tax prior years (i.e. not including current year)</b> | £661,002        | £1,835,111 | £759,087        | £2,028,512 | TBC                                  | £3,267,448                           |

| Measure  | 2015/16 Outturn |            | 2016/17 Outturn |            | To end April 2017                            |  |
|--|-----------------|------------|-----------------|------------|--|--|
|  | NK              | COL        | NK              | COL        | NK   | COL  |
| Local Authority<br>2014/15)  |                 |            |                 |            |  |  |
| Total Net Arrears for NNDR prior years (i.e. not including current year 2014/15) | £246,374        | £273,118   | £160,486        | £231,759   | TBC  | TBC  |
| Housing Benefit overpayments collection in period                                | 77.76%          | 75.22%     | 70.16%          | 76.38%     | TBC  | TBC  |
| Outstanding Housing Benefit overpayments debt                                    | £1,482,271      | £3,510,798 | £1,793,997      | £4,081,552 | TBC  | TBC  |
| Housing Benefit New Claims: Average number of days to process (cumulative)       | 12.76 days      | 25.45 days | 15.98 days      | 29.44 days | 15.98 days<br><i>End Apr 2016 12.37 days</i> | 25.10 days<br><i>End Apr 2016 26.18 days</i> |
| Housing Benefits New Claims: Upper Control                                       | 49.23 days      | 88.52 days | 60.91 days      | 91.50 days | 60.91 days                                   | 43.99 days                                   |



| Measure   | 2015/16 Outturn |            | 2016/17 Outturn |            | To end April 2017                          |  |
|---|-----------------|------------|-----------------|------------|--|--|
|   | NK              | COL        | NK              | COL        | NK   | COL  |
| Local Authority   |                 |            |                 |            |  |  |
| Limit (cumulative)  |                 |            |                 |            |  |  |
| Housing Benefits Changes of Circumstances: Average number of days to process (cumulative) | 2.84 days       | 5.40 days  | 3.05 days       | 4.49 days  | 1.92 days<br><i>End Apr 2016 1.89 days</i> | 4.17 days<br><i>End Apr 2016 5.62 days</i> |
| Housing Benefits Changes of Circumstances: Upper Control Limit (cumulative)               | 10.02 days      | 20.83 days | 12.01 days      | 16.80 days | 6.06 days                                  | 9.79 days                                  |
| No. Benefits customers awaiting assessment (cumulative)                                   | 714             | 1,064      | 500             | 555        | 483<br><i>End Apr 2016 652</i>             | 892<br><i>End Apr 2016 1,104</i>           |
| % Benefits claims checked financially correct (cumulative)                                | 97.40%          | 82.81%     | 94.69%          | 91.00%     | 97.14%<br><i>End Apr 2016 96.43%</i>       | 96.39%<br><i>End Apr 2016 0%</i>           |
| Benefits – Customer   | 99.29%          | 98.51%     | 99.27%          | 98.99%     | Surveys currently being reviewed           | Surveys currently being reviewed           |

| Measure                                   | 2015/16 Outturn |     | 2016/17 Outturn |     | To end April 2017     |                       |
|---|-----------------|-----|-----------------|-----|-----------------------|-----------------------|
|   | NK              | COL | NK              | COL | NK                    | COL                   |
| Local Authority satisfaction (cumulative) |                 |     |                 |     | <i>End Apr 2016 0</i> | <i>End Apr 2016 0</i> |

**SUBJECT:                    RIGHT BENEFIT INITIATIVE**

**DIRECTORATE:            CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR:        CLAIRE MOSES, INTERIM ASSISTANT HEAD OF SHARED  
REVENUES AND BENEFITS**

## **1. Purpose of Report**

- 1.1 To provide Revenues and Benefits Joint Committee with an update relating to Right Benefit Initiative (RBI) and the decision which has been taken by the Operational Board for the Shared Service to 'opt in' to the initiative.

## **2. Executive Summary**

- 2.1 From 1 April 2017 local authorities (LAs) are asked to focus purely on combating incorrect earnings and use RBI funding to process as many Optional Real Time Information (RTI) referrals as possible each month.
- 2.2 Where LAs have additional capacity after processing all their Optional RTI referrals in any given month, the Department for Work and Pensions (DWP) are asking authorities to undertake additional activities which are described in the update letter in Appendix 1.

## **3. Background**

- 3.1 RBI replaces Fraud and Error Reduction Incentive Scheme (FERIS) for 2017/18.
- 3.2 The DWP have consulted with local authority (LA) representatives and the LA Association Steering Group and worked together to design the new initiative.

- The aim of RBI is to maximise the return on the available investment, target LA activity on specific areas and remove elements of the previous schemes which were unattractive to LAs
- 3.3

## **4. Differences between FERIS and RBI**

- 4.1 There are a number of difference between FERIS and RBI, which are as follows: -
- All available funding will be made as an up-front payment to LAs. There will be no baselines and thresholds which LAs need to meet to qualify for additional incentive payments;
  - DWP are asking LAs to use the additional funding to focus purely on combating incorrect earnings and use available funding to process as many Optional Real Time Information (RTI) referrals as possible each month. Other

business as usual, as part of Fraud and Error activity should continue as normal;

- DWP will be monitoring LA performance.

## **5. Functionality of Optional RTI**

- 5.1 The functionality for Optional RTI has been improved. To reduce LA clerical resource burdens from April 2017 all of the three main IT suppliers will have brought Optional RTI in line with RTI Bulk Data Match (BDM) functionality, which will enable us to automatically load earnings information on to the Northgate system and set the required Single Housing Benefit Extract (SHBE) records.
- 5.2 The DWP are also working with HMRC to increase the volume of Housing Benefit (HB) earnings cases, which are matched each month so each case is checked every month. This means changes in earnings will be picked up quicker and will reduce the value of HB overpayments.

## **6. Application Process and Funding**

- 6.1 There will be no requirement to submit an action plan to DWP to apply for funding (as has been the requirement for FERIS in previous years).
- 6.2 Local Authorities were required to contact the DWP by 21 April 2017 to advise whether they will either opt-in or opt-out of the scheme.
- 6.3 Funding will be paid to an LA as soon as possible, following receipt of the confirmation they wish to opt into RBI. This has been received by both authorities.
- 6.4 By opting-in, each authority will be agreeing to use the funding to enable resources to be put in place to deal with the specified areas, as detailed in Appendix 1 and as outlined in Section 7 of the report.
- 6.5 DWP will monitor the volume of referrals processed using Housing Benefit Extract (SHBE) returns for each authority. By opting-in each authority will be agreeing to conduct the required activities and engage and work collaboratively with Housing Delivery Division (HDD) Performance Development Team (PDT), where the volume of referrals processed fall below expected levels.
- 6.6 As RBI focuses on earnings cases, funding will be apportioned across LAs based on the earnings caseload. LAs will be expected to spend the funding on staffing costs that are additional to existing business as usual HB costs. This can include payment of overtime, seconding people from other areas of the LA, backfilling, recruitment, or temporary staff.
- 6.7 Ahead of the launch of RBI, if the decision is made to opt-in, the Benefits Management Team will be required to plan how, during 2017/18m the focus will be moved from current FERIS funded activities to using RTI to combat incorrect earnings.

## 6.8 Funding for City of Lincoln

The maximum amount of RBI funding available for City of Lincoln for 2017/18 is **£25,792**.

The volumes of optional RTI referrals we expect to receive for City of Lincoln each month are as follows: -

| April 2017 | May 2017 | June 2017 | July 2017 | Aug 2017 | Sept 2017 | Oct 2017 | Nov 2017 | Dec 2017 | Jan 2018 | Feb 2018 | Mar 2018 |
|------------|----------|-----------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|
| 155        | 225      | 252       | 278       | 304      | 304       | 304      | 236      | 236      | 236      | 218      | 218      |

## 6.9 Funding for North Kesteven

The maximum amount of RBI funding available for your local authority for 2017/18 is **£17,459**.

The volumes of optional RTI referrals we expect your LA to receive each month are as follows: -

| April 2017 | May 2017 | June 2017 | July 2017 | Aug 2017 | Sept 2017 | Oct 2017 | Nov 2017 | Dec 2017 | Jan 2018 | Feb 2018 | Mar 2018 |
|------------|----------|-----------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|
| 118        | 159      | 179       | 199       | 219      | 219       | 219      | 167      | 167      | 167      | 166      | 166      |

## 7. Options

7.1 Due to the DWP deadline (opt-in response required by 21 April 2017), Officers put the following options forward to the Revenues and Benefits Shared Services Operational Board for consideration and decision: -

### 7.2 Option 1 - Do Nothing:

There is currently 1.0 FTE Benefits Officer on a fixed term contract. They have been undertaking FERIS related work for 10 months. If we did not opt-in, we would not renew their contract and lose their expertise. There are also significant risks if we did not opt-in – these are detailed in section 8 of this report.

### 7.3 Option 2 - Fixed Term Benefits Officer Contract:

This option proposed a fixed term contract for 2.0 FTE Benefits Officer over the current establishment. The contract would run to 31 March 2018. Salary scale 2 - £15,917

In considering this option, the Benefits Management Team reviewed the total numbers as shown in Section 6.8 and 6.9 of this report. These annual totals equate to (on average) 11 and 7 per day for City of Lincoln and North Kesteven respectively.

DWP estimate a processing time of 45 minutes per case. Therefore, the majority of these could be undertaken by 1 FTE, with the residual being picked up by existing staff. The residual would be minimal and with improvements which have been made within both HB teams over the last 6 months, this would not have a negative impact.

We are not currently proactively reviewing these earnings cases; therefore, the information received through Optional RTI files can also be used to process Council Tax Support changes, which will result in the CTS caseload being accurate and up to date; and in turn could reduce CTS expenditure.

The processing of these changes to earnings will also ensure claims are accurate for subsidy purposes.

Officers recommend this option to be considered.

#### 7.4 Option 3 - Fixed Term Benefits Officers / Recovery Officer Contract:

This option proposed: -

- 1.0 FTE fixed term contract for a Benefits Officer over current establishment. The contract would run to 31 March 2018. Salary scale 2 - £15,917
- 1.0 FTE fixed term contract for a Recovery Officer over current establishment. The contract would run to 31 March 2018. Salary scale 4 - £17,991.

In considering this option, the Benefits Management team looked at the implications optional RTI will have on HB overpayments. It is expected these will increase, as there are claims where earnings have not been reviewed for some time.

As a result of the expected increase in overpayment, it is important a recovery resource is allocated to this piece of work. The officer would focus on those overpayments created through optional RTI, to ensure effective and efficient recovery methods are applied.

The processing of these changes to earnings will also ensure claims are accurate for subsidy purposes.

Officers recommend this option to be considered.

## 8. Risk Implications

8.1 On Monday 3 April, the DWP ran a teleconference for LA's to put forward questions. As part of this session, the DWP representative explained the implications of opting-out of the scheme – these were: -

- Migration to Universal Credit (UC) – if the claimant provides different income details on migration to UC, the LA will be required to adjust HB entitlement back to the date of change and calculate the overpayment. At this point, the customer will have moved to UC and recovery of the legacy HB payment will be difficult, as there will be no ongoing HB to recover from.
- We are reliant on the software being available. DWP reassured LA's that software houses had been tasked with automating Optional RTIs with the same functionality as our mandatory monthly ones. If the decision is to opt-in, the Revenues and Benefits Interim Assistant Head of Service will contact

Northgate to open channels of communication.

- There could be an impact on wide teams – customer services and appeals. However, the level of impact cannot currently be estimated. It is proposed the Revenues and Benefits Interim Assistant Head of Service would report this impact back to the Performance Development Team at DWP. In doing this, the Head of Service may be able to proactively agree with the PDT to reduce the number worked on.

## **9. Decision**

9.1 The Revenues and Benefits Operational Board made the operational decision to opt-in to RBI, with Option 3 being the preferred way forward. This option provided resource for the review of cases, but also the recovery of the overpayments which would be created through this proactive work. It is important the level of overpayments are managed and effective recovery action is taken immediately.

9.2 Officers will now undertake a recruitment process via an internal secondment through an expressions of interest process. An internal recruitment exercise will then take place to backfill those roles to 31 March 2018.

## **10. Strategic Priorities**

10.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-

- Lincoln: “Let’s Reduce Inequality”.
- North Kesteven: “Community Wellbeing and a Vibrant Economy”.

10.2 Both authorities look to protect the poorest people. The Benefits Service plays a key role in reducing poverty and disadvantage by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section are also mindful of the strategic priorities when engaging with business ratepayers as they recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

## **11. Organisational Impacts**

11.1 Finance: There are no direct financial implications arising from this report.

11.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.

11.3 Land, property and accommodation: There are no direct implications arising from this report.

11.4 Human Resources: There are no direct implications arising from this report.

11.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – There are no direct Equality, Diversity or Human Rights implications

arising from this report.

11.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.

11.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

## 12. Risk Implications

12.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

## 13. Recommendation

13.1 Members note this report.

**Is this a key decision?** Yes/No

**Do the exempt information categories apply?** Yes/No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** Yes/No

**How many appendices does the report contain?** One

**List of Background Papers:** None

**Lead Officer:** Claire Moses, Interim Assistant Head of Shared Revenues and Benefits  
Telephone (01522) 873764



## What are LAs being asked to do?

### Introduction

The latest published HB Fraud and Error (F&E) national statistics for 2015/16 indicate that earnings related F&E accounted for approximately £560 million which is 40% of the total estimated HB Monetary Value of Fraud and Error (MVFE). In view of this, DWP have reconsidered the approach to FERIS to a better way of targeting RBI funding to combat F&E more effectively.

From 1 April 2017 we are asking LAs to focus purely on combating incorrect earnings and use available funding to process as many Optional Real Time Information (RTI) referrals as possible each month.

Where LAs have additional capacity after processing **all** their Optional RTI referrals in any given month we are asking authorities to undertake the following activities:

- review self-employed earnings where a new set of accounts is available since the last HB entitlement calculation - estimated processing time 45 minutes
- review earnings cases that have not been reviewed for more than 12 months - estimated processing time 30 minutes
- review cases with irregular earnings patterns when LAs have access to the RTI Service User Interface (UI) to obtain HMRC PAYE information - estimated processing time 30 minutes time (please refer to the section on the RTI Service rollout and irregular earnings patterns for more information)
- action RTI Service fluctuating earnings alerts - estimated processing time to be confirmed
- check the DWP Performance Measurement team assessment of error on the cases sampled using the agreed process for challenging any assessment which an LA considers to be incorrect. This will help us to maintain the accuracy of our F&E estimates

Some of the functionality around irregular earnings and RTI Service alerts will not be available from 1 April 2017.

LA are asked to use RBI funding to process as many Optional RTI referrals as possible, LAs are then asked to move onto reviewing self-employed earnings and other earnings cases that have not been reviewed for over 12 months, then to reviewing cases with irregular earnings patterns (when the functionality is available to record these on SHBE) and finally process RTI Service fluctuating alerts when these are turned on later in the year.

DWP will monitor the volume of referrals processed, cases reviewed and outcomes through SHBE for each authority. HDD PDT will engage and work collaboratively with LAs where there are low levels of productivity, e.g. the volume of Optional RTI referrals processed, or case reviews are below expected levels. Please see the section

**Engagement with LAs** for the escalation route.

### **Optional RTI Referrals**

The priority activity is to action Optional RTI referrals. With the enhanced automation we expect each referral will take on average 45 minutes.

We anticipate after the first four or five months the backlog of earnings changes will have been actioned and Optional RTI referrals will be for new changes only. At this point we estimate it will take an average of 30 to 35 minutes to process an Optional RTI referral.

It is only the earnings element of the claim we are asking LAs to review. The earnings information required to reassess the HB claim should be available as part of the Optional RTI referral. LAs are advised to review other aspects of the claim only if they have reason to believe other elements of the claim may have changed and they have the capacity to conduct a full review of the HB claim.

We are working with HMRC to increase the volume of HB earnings cases we match, so that the entire HB caseload is checked every month. The increased data match may not be available immediately from April 2017 but we anticipate the volumes of Optional RTI referrals will increase over a five month period. It is difficult to predict Optional RTI volumes at LA level, but for some LAs the total estimated volumes of Optional RTI referrals may exceed the capacity that Right Benefit Initiative funding provides.

Therefore, it is important LAs have the flexibility to process as many referrals as possible but will not be penalised for spikes in the volume of referrals they do not have the capacity to process. Any unprocessed referrals can be actioned in the following month should the LA have the capacity to do so.

There are no HB subsidy implications relating to Optional RTI referrals where LAs do not transfer cases from the Optional RTI file into the LA IT system.

**The volumes of Optional RTI referrals we expect your LA to receive each month will be communicated in the RBI launch letter.**

We will seek feedback from LAs to ensure that a significant proportion of referrals result in a change to HB entitlement and are adding value. Our aim is try to avoid nugatory referrals being issued in order to maximise LA capacity. Further detail regarding how we will seek feedback from LAs will be provided in an HB Adjudication Circular, which will be issued when RBI is launched.

### **Mandatory Bulk Data Match (BDM) RTI**

Mandatory BDM RTI referrals, which attract new burdens funding, will continue to be issued and LAs are required to continue to action them as business as usual.

### **Review Self-Employed Cases**

Self-Employed F&E accounts for approximately 15% of the HB earnings error value, so we are asking you to review self-employed cases that have not been reviewed for over a year and where a new set of accounts are available.

We intend to use SHBE records to produce a list of cases where the claimant or partner is self-employed and there have been no changes to earnings on their HB claim in the last 12 months. This will be issued to each individual LA. Further detail will be provided in an HB Adjudication Circular which will be issued mid- March 2017.

### **Review Earnings cases that have not been reviewed for 12 months.**

We intend to use SHBE records to produce a list of cases where the claimant or partner has earnings and there have been no changes to earnings on their HB claim in the last 12 months. This will be issued to each individual LA. If the RTI Service has rolled out to an LA the User Interface can be used to obtain the earnings details required to review the case. Further detail will be provided in an HB Adjudication Circular, which will be issued when RBI is launched.

### **Reviewing Cases with Irregular Earnings**

We are working on a solution to identify and flag Optional RTI referrals that have been matched because of an irregular earnings pattern. Once a solution is in place LAs will be asked to review cases with irregular earnings using the RTI Service User Interface, when it is available. More detail will be issued at a later date.

### **RTI Service User Interface Rollout**

The Wider Use of Real Time Information (WURTI) Project issued a letter on the 14 February to Revenue and Benefit managers providing detail of the WURTI, now termed LA RTI Service roll-out, during 2017. At the moment six LAs are testing the fluctuating earnings alerts.

These alerts will not be made available more widely until the development of the mechanism for sending alerts to the LAs has been completed. As a result we do not expect this business rule to be turned on before Autumn 2017.

When the fluctuating alert business rule is switched on the volume of Optional RTI referrals will fall. When the alerts are switched on LAs will be required to process RTI Service alerts after all their Optional RTI referrals have been cleared. If the WURTI business rule is not switched on during 2017/18 LAs will continue with the activities specified above. More detail will be issued at a later date.

### **Improving the Accuracy of F&E Estimates**

Although there is no specific RBI funding allocated to this activity when the DWP Performance Measurement team review a small sample of an LA's caseload, LAs are asked to check the DWP Performance Measurement team assessment of error. If authorities consider the DWP Performance Measurement team assessment of error to be incorrect they are asked to use the agreed process for challenging the assessment. This will help us to maintain the accuracy of our F&E estimates.

### **Monitoring and Reporting**

Management Information (MI) requirements are being developed to monitor and evaluate the RBI performance. Where possible SHBE data will link to fields on the HB systems so data is automatically captured rather than relying on LA staff undertaking manual actions.

From this MI we will be able to identify the volume of referrals processed, cases reviewed and the outcomes. HDD will engage with LAs where performance is below expectations. Further detail on the completion of SHBE R records will be provided in an HB Adjudication Circular which will be issued when RBI is launched.

### **Engagement with LAs**

HDD PDT will engage and work collaboratively with LAs who have low levels of productivity, e.g. the volume of Optional RTI referrals processed, or case reviews are below expected levels.

The escalation route is set out below:

- telephone engagement- Desk Based Engagement team to understand reasons for low productivity and plans to improve
- on-site engagement - by PDT including meeting with Revenue and Benefit Manager
- escalation to HDD Deputy Director for meeting with Chief Finance Officer and Chief Executive
- in England - formal inspection and published report to Secretary of State. In Scotland and Wales decisions on audit/inspection and the production of reports rest with the relevant audit bodies. DWP will liaise as necessary with these audit bodies.
- the recovery of funding in cases of sustained low productivity.

### **Recovery of Unspent Funds**

The recovery of unspent funds is separate to the decision to recover where an LA has spent the funding but not carried out the required activities. There is an established process, managed by the HDD Payments Resolutions team, to recover funds where an LA receives payment but does not spend it. For example, for Discretionary Housing Payments, unspent funds are recovered from the next payment, or where there is no additional payment, an invoice is sent to the LA for repayment.

### **Current FERIS Funded Activities**

LAs that are currently using FERIS Maintenance Funding for proactive activities should now refocus their priorities and use RBI funding to focus purely on combating incorrect earnings and process as many Optional RTI referrals as possible.

We expect that LAs will deliver a better hit rate finding more HB changes in entitlement as a percentage of cases reviewed using Optional RTI referrals than the more traditional types of HB review.

Maintenance Funding has previously been used to fund IT enhancements and developments which has allowed LAs to extract data which in turn has enabled priority cases to be investigated.

However, as the focus is now moving to using RTI to identify changes in earnings, RBI funding should not be used to support further IT investment or to fund annual licence fees for the maintenance and/or continued use of IT software.

This page is intentionally blank.

**SUBJECT: INVEST TO SAVE**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR: CLAIRE MOSES, INTERIM ASSISTANT HEAD OF SHARED REVENUES AND BENEFITS**

## **1. Purpose of Report**

- 1.1 To provide Revenues and Benefits Joint Committee with an update on the Non-Domestic Rate (NDR) project being undertaken by the City of Lincoln and North Kesteven District Council Shared Service

## **2. Executive Summary**

- 2.1 This report provides an update on the Invest to Save project which commenced in August 2016 and has been extended to September 2017.

## **3. Background**

- 3.1 In August 2016, the Head of Revenues and Benefits for the shared service secured funding of £10k from the Lincolnshire Counter Fraud Partnership (LCFP) in relation to an NDR / Council Tax Support project.
- 3.2 The aim was to maximize the NDR base across the three districts for which the shared service is responsible (City of Lincoln Council, North Kesteven District Council and West Lindsey District Council). LCFP would also consider sharing any intelligence / data with Lincolnshire County Council.

## **4. Identification of Missing / Undervalued Properties**

- 4.1 Having appointed an experienced NDR practitioner to undertake the work, the officer began by looking to identify missing / undervalued properties. The work involved:-
- Referral to the following websites: -
    - Local authorities (planning applications);
    - Guest houses (bed and breakfast and self-catering accommodation);
    - Ofcom (for phone masts);
    - Traffic Master (for traffic master sites);
    - Outdoor venture sites (paintball, motor cross etc) and
    - Food Standards Agency (road side cafes etc).
  - Reference to ATM finder (ATM's);
  - Scanning google maps (for kennels / catteries and advertising rights);
  - Researching local bus maps (advertising rights on bus shelters);

- Identifying new developments (show houses);
- Scouring local newspapers;
- Looking for Amazon and IPost collection point;
- Liaison with planning sections; and
- Speaking to practitioners undertaking similar work for other local authorities.

## 5. Approach

- 5.1 A decision was taken to start with West Lindsey District Council in view of weakness that had been identified in the previous use of planning applications. The officer would devote two months to each of the three authorities.
- 5.2 The full Valuation Office (VO) list was downloaded as at 31 July 2016 in order it could be cross referenced with properties the officer considered may be missing or undervalued.
- 5.3 A spreadsheet was produced to track all action being taken for potential missing / undervalued properties. Once identified, the officer would report the details through to the VO together with any supporting information. Where necessary, the outside officer would inspect in the first instance.

## 6. Results

- 6.1 The results for each of the three authorities, as at the date of writing this report, are as follows: -

### West Lindsey District Council

| Date work started | No. properties identified for VO | No. inspections | No. properties referred back from the VO as 'no action' | No. properties brought into the local rating list by the VO | 2010 rating list increase | 2017 rating list increase |
|-------------------|----------------------------------|-----------------|---|---|---------------------------|---------------------------|
| 1 September 2016  | 125                              | 192             | 55  | 52  | 167,997                   | 237,202                   |

### North Kesteven District Council

| Date work started | No. properties identified for VO | No. inspections | No. properties referred back from the VO as 'no action' | No. properties brought into the local rating list by the VO | 2010 rating list increase | 2017 rating list increase |
|-------------------|----------------------------------|-----------------|---|---|---------------------------|---------------------------|
| 1 November 2016   | 122                              | 109             | 60  | 28  | 266,780                   | 342,670                   |



## City of Lincoln Council

| Date work started | No. properties identified for VO | No. inspections | No. properties referred back from the VO as 'no action' | No. properties brought into the local rating list by the VO | 2010 rating list increase | 2017 rating list increase |
|-------------------|----------------------------------|-----------------|---|---|---------------------------|---------------------------|
| 9 January 2017    | 121                              | 192             | 55  | 27  | 19,418                    | 31,568                    |

- 6.2 It will be for the VO to decide in the first instance, whether a property should be entered in the local rating list and if so, the rateable value (RV) attributed to it. At the same time, they will determine whether a property should be exempt (i.e. is agricultural) or included in the central rating list. Once entered in the local rating list, the billing authority will identify who is liable for the NDR, whether any relief is applicable (i.e. small business rate relief) and issue a demand notice.
- 6.3 There will be a number of reasons for 'no action' (i.e. more information required, exempt or already in the rating list) by the VO. Where cases are being returned as 'no action', each is looked at separately with a view as to what action, if any, to take. Already, it is the view of officers that some decisions warrant a challenge.
- 6.4 The billing authority has a statutory duty in relation to reporting information through to the VO that may warrant a change to the local rating list. That said, when gauging the success of the project, it is important to look beyond any increase in the NDR base for the year in which a property is brought in to the local rating list. What is important today will become even more important as we move forward to 2020 and 100% retention.

## **7. The Future of this Role**

- 7.1 The role is currently funded to 30 September 2017. During this time, the Officer will continue to review the information which is received from the VO and update the business rates system as required. There will also be a review of current reliefs, along with a review of the Discretionary Rate Relief policy (which is referred to in a separate report on this agenda)

## **8. Strategic Priorities**

- 8.1 Both City of Lincoln and North Kesteven have a number of strategic priorities. Two that have an impact on the Revenues and Benefits Service are:-
- Lincoln: "Let's Reduce Inequality".
  - North Kesteven: "Community Wellbeing and a Vibrant Economy".
- 8.2 Both authorities look to protect the poorest people. The Benefits Service plays a key role in reducing poverty and disadvantage by ensuring residents receive the

benefits they are entitled to and providing money / debt advice. The Revenues Section are also mindful of the strategic priorities when engaging with business ratepayers as they recover the business rate. Digital Inclusion, Channel Shift, Financial Inclusion and Partnership Working are all key priorities for the shared service.

## **9. Organisational Impacts**

- 9.1 Finance: There is a direct impact to the budget in relation to this report. AS the role is self-funding, North Kesteven District Council will need to include this within the budget bid process and City of Lincoln will include this within the invest to save reserve.
- 9.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report.
- 9.3 Land, property and accommodation: There are no direct implications arising from this report.
- 9.4 Human Resources: There are no direct implications arising from this report.
- 9.5 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required) – There are no direct Equality, Diversity or Human Rights implications arising from this report.
- 9.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.
- 9.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

## **10. Risk Implications**

- 10.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

## **11. Recommendation**

- 11.1 Members note this report.

**Is this a key decision?** ~~Yes~~/No

**Do the exempt information categories apply?** ~~Yes~~/No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** ~~Yes~~/No

**How many appendices does the report contain?** None

**List of Background Papers:** None

**Lead Officer:** Claire Moses, Interim Assistant Head of Shared Revenues and Benefits  
Telephone (01522) 873764

This page is intentionally blank.