



SHARED REVENUES AND BENEFITS JOINT COMMITTEE

**Thursday, 23 November
2023**

2.00 pm

Committee Room 4, City Hall

Membership:	Councillors Sue Burke (City of Lincoln Council), Mary Green (North Kesteven District Council), Ric Metcalfe (City of Lincoln Council) and Sally Tarry (North Kesteven District Council)
Substitute members:	Councillors Donald Nannestad (City of Lincoln Council) and Councillor Mark Smith (North Kesteven District Council)
Officers attending:	Democratic Services (City of Lincoln Council), Jaclyn Gibson (City of Lincoln Council), Tracey Parker (City of Lincoln Council), Philip Roberts (North Kesteven District Council), Julie Schofield (North Kesteven District Council), Russell Stone (North Kesteven District Council) and Martin Walmsley (City of Lincoln Council)

A G E N D A

If members are unable to attend the meeting, please advise Ali Hewson (Senior Democratic Services Officer) on 01522 873372 as soon as possible. Substitute members will be contacted if they are required to attend the meeting.

SECTION A	Page(s)
1. Confirmation of Minutes - 7 September 2023	3 - 12
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. Performance Update	13 - 20
4. Revenues and Benefits - Financial Monitoring Quarter 2 2023/24	21 - 26
5. Business Rates Update	27 - 34

Details of Next Meeting: Thursday, 22 February 2024 (2.00 pm) NKDC

Present: Ric Metcalfe (*in the Chair*),
Councillor Sue Burke, Councillor Mary Green, Councillor
Ric Metcalfe and Councillor Sally Tarry

Apologies for Absence: None.

8. Confirmation of Minutes - 27 June 2023

RESOLVED that the minutes of the meeting held on 27 June 2023 be confirmed.

9. Declarations of Interest

No declarations of interest were received.

10. Performance Update

Purpose of Report

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

Decision

That the report be noted, with an update to be presented to the next meeting of the Committee on 23 November 2023.

Alternative Options Considered and Rejected

None.

Reason for Decision

The report provided an update on Revenues and Benefits performance in respect of Quarter 1 for the financial year 2023/24.

The Revenues and Benefits Shared Service had now been in operation for twelve years since 1 June 2011, and performance had largely been maintained and improved whilst continuing to provide value for money. Continual improvement and success was being achieved in both statistical and financial performance, as well as positive outcomes for customers of the partner local authorities. However, the Covid-19 global pandemic and then cost of living challenges had understandably impacted on some areas of performance and these impacts were likely to continue for many more months.

In respect of Council Tax, up to the end of Quarter 1 2023/24, in-year collection for Lincoln was up by 0.31% and North Kesteven was down slightly by 0.05% respectively, compared to June 2022. At the end of August 2023, City of Lincoln figures were up by 0.02% and North Kesteven down by 0.66%. At this early stage in the financial year, neither rate was a cause for concern.

In terms of the national context, latest figures for annual Council Tax in-year collection outturns 2022/23 saw City of Lincoln Council at 240th (2021/22- 266th)

and North Kesteven 9th (2021/22- 28th) out of 309 local authorities whose performance was reported. Out of the seven Lincolnshire Districts, for 2022/23 City of Lincoln and North Kesteven achieved 6th and 1st highest collections, respectively.

Council Tax Support caseloads had recently been falling following a sharp rise during Covid-19, however, with ongoing cost of living pressures on residents there was potential this fall in caseloads may not continue.

In respect of Business Rates, up to the end of Quarter 1 2023/24 compared to the same point in 2022/23, in-year collection was down for Lincoln by 0.99%, North Kesteven down by 2.95% and West Lindsey down by 0.22%. There were no major concerns with in-year collection at this early stage of the year. For North Kesteven, a substantial amount of unallocated payments that had been made had now been identified, and these payments would be included as part of Quarter 2's collection. It should also be noted that collection had been 'skewed' somewhat in recent financial years due to varying criteria/awards of the Expanded Retail Discount (ERD).

In terms of the national context, the latest available figures for annual Business Rates in-year collection outturns 2022/23 saw City of Lincoln Council's in-year collection at 22nd (2021/22 48th), North Kesteven 14th (2021/22 1st) and West Lindsey 162nd (2021/22 170th) out of 309 local authorities whose performance was reported. Out of the seven Lincolnshire Districts, for 2022/23, City of Lincoln, North Kesteven and West Lindsey achieved 2nd, 1st and 4th highest collections, respectively.

The number of outstanding Revenues Customers at the end of Quarter 1 2023/24 was 797 (split Lincoln 609, North Kesteven 188) – this compared to 2,323 (split Lincoln 1,838, North Kesteven 485) at Quarter 1 2022/23. This improvement was pleasing, achieved through improved processes and recruitment to vacant roles within the team.

As at the end of Quarter 1 2023/24, in period collection of Housing Benefit overpayments stood at for City of Lincoln 116.93%, and North Kesteven 108.29%.

Outstanding Housing Benefit overpayments debt also continued to decrease overall. As at the end of Quarter 1 2023/24: at £2,419,812 for City of Lincoln and £1,257,132 for North Kesteven.

As at the end of Quarter 1 2023/24, there were 3,682 Benefits customers outstanding and awaiting assessment (split Lincoln 2,622, North Kesteven 1,060). This figure was very close to same as at the same point last year, Quarter 1 2022/23 (3,654 Benefits customers outstanding and awaiting assessment (split Lincoln 2,544, North Kesteven 1,110)). Considering the significant ongoing demands on this team, as well as a number of unforeseen staffing absences, to keep the outstanding workload at this level was a real achievement. However, officers were aware the outstanding workload needed to reduce moving forward and would be targeting this aim in the remaining quarters of 2023/24.

Despite the significant demands on the Benefits Team, officers continued to turn around claims and reported changes of circumstance promptly, and accurately.

The latest national data available showed that in Quarter 4 2023/24 New Claims were processed in an average of 20 days by Councils, with Changes of Circumstance being processed in an average of 3 calendar days (although it should be noted for Changes of Circumstance the average normally decreases in Quarter 4, due to high volumes of '1-day' changes processed due to annual rent, pension changes, etc). Also, these national figures were for a specific quarter only (i.e., Quarter 4 2022/23) and not cumulative over the financial year – which was how officers reported these areas of performance for our shared service.

As at the end of August 2023, in terms of processing times for new benefit claims, City of Lincoln took an average of 17.04 days and North Kesteven 18.80 days respectively.

As at today, in terms of benefits performance, City of Lincoln had 1,600 items outstanding and North Kesteven 643 outstanding respectively.

In terms of the claims checked that were 'correct, first time' (with even £0.01p 'out' being classified as an incorrect assessment), at the end of Quarter 1 2023/24:

- City of Lincoln: 87.85% (405 out of 461 checked),
- North Kesteven: 96.80% (212 out of 219 checked).

The reduction in City of Lincoln performance in this area could be explained by the team having carried out over 200 more checks during the quarter than in the same quarter last year – Of the 461 checks undertaken in the first quarter the team had made 405 'first-time correct' decisions. Compared to last year, the team had only carried out 263 checks at the end of the first quarter. Also, due to less experienced officers being part of the team, 100% of claims were being checked, which could also mean more (small) errors being identified – and then corrected. The Subsidy Team had carried out considerably more checks through our Final Subsidy claim, which had also resulted in errors being reported.

The table at paragraph 6.1 of the officer's report showed the invaluable support provided by the Welfare Team to the residents of Lincoln and North Kesteven in Quarter 1 2023/24.

There were a number of key reasons why the levels of Welfare/Money advice in Lincoln was higher than in North Kesteven, including:

- Differences in demographics;
- 'Customer journey' different at each Council;
- Significant number of foodbank vouchers issued at Lincoln (1,686) compared to North Kesteven (79).

A small working group of officers from both partner Councils was currently reviewing demands and processes for the Welfare Team.

Members offered their thanks to all members of staff in recognition of the performance achievements within the Revenues and Benefits Shared Service.

11. Revenues and Benefits-Financial Monitoring Quarter 1 2023/24

Purpose of Report

To provide the Shared Revenues and Benefits Joint Committee with the first quarter's (ending 30 June 2023) performance for the Revenues and Benefits Shared Service for 2023/24, as detailed at Appendix 1 to the report.

Decision

That the actual position at Quarter 1 as detailed within the report be noted.

Alternation Options Considered and Rejected

None.

Reason for Decision

The forecast overturn for 2023/24 predicted there would be an underspend against the approved budget of £94,240.

The approved budget for 2023/24 was agreed by the Shared Revenues and Benefits Joint Committee on 7 September 2023, which set a budget of £2,878,930 for the service.

At Quarter 1 the budget was increased to reflect New Burdens grants totalling £61,950, giving a revised budget of £2,940,890.

Financial performance for the first quarter of 2023/24 as detailed at Appendix 1 of the officer's report resulted in an underspend against the approved budget of £17,251.

The forecast outturn for 2023/24 predicted that there would be an underspend against the approved budget of £94,240, as detailed at Appendix 2 of the officer's report. The current forecast underspend would be affected by a number of other assumptions as detailed in paragraphs 4.4 and 4.6 of the officers report which would impact on the final outturn position.

The main forecast year-end variations against the approved budget for 2023/24 were noted within the table at paragraph 4.3 of the officer's report.

A Job Evaluation Panel held on 11 July 2023 had evaluated and approved the Benefits Appeal Officer role at Grade 6 (previously Grade 5), which was not yet reflected in the forecast outturn position, to be updated at Quarter 2. The impact of this job evaluation in the sum of £1,485,88 would be split at City of Lincoln Council: £861.81 and North Kesteven: £624,07.

Each Council had received a new burdens grant from Central Government to administer the Energy Support Scheme to the value of £14,950 for City of Lincoln Council and £21,790 for North Kesteven. By agreement these grants sat outside of the shared service budget.

The current MTFS assumptions reflected a pay award of 3% in 2023/24. However, given the latest nationally proposed pay award was again well in excess of this an estimate of the impact had been calculated at £110,610, split between each authority for City of Lincoln at £58,370 and North Kesteven £52,240. This offer was not yet accepted by the Unions, therefore this pressure was not reflected in the current forecast outturn position and would need to be

reflected separately by each authority until an agreement was reached and the pay award implemented.

12. Business Rates Update

Purpose of Report

To provide the Shared Revenues and Benefits Joint Committee with an update on current issues within non-domestic rates, related to City of Lincoln Council, North Kesteven District Council and West Lindsey District Council. The report was not intended to include non-domestic rate performance matters, as this was covered within the Performance Update reported to Joint Committee today.

Decision

That the content of the report be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

The report included some of the changes announced as a result of Covid-19 and the support provided to businesses in the form of relief. The report also focused on the financial impact of recent appeals and reductions to rateable values.

Focus for both Government and billing authorities since the last meeting of Joint Committee had been a continuing response to Covid-19 measures announced since 11 March 2020.

The following updates were noted:

NDR Changes and Significant Reliefs/Discounts

At the Autumn Statement on 17 November 2022, the Chancellor of the Exchequer announced a continued Government package of business rate measures to support businesses in England:

- Retail, hospitality and leisure relief would increase from 50% to 75% up to £110,000 per business
- A freezing of the multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier)
- For the Supporting Small Business Scheme increases would be capped at £600 a year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation.
- The scope of the discount for 2023/24 would return to pre-Covid-19 eligibility retail properties. Hospitality and leisure properties would continue to remain in scope, and the Rateable Value continued to be uncapped.
- At the beginning of the new Rating List, the transitional scheme for 2023 phased in large increases in liability for Non-Domestic Rates, however,

unlike previous years, there was no phasing of decreases resulting in those customers feeling the benefit of any reduction in their rateable value immediately.

Retail, Hospitality and Leisure Relief 2023-24

Eligibility criteria for the Retail, Hospitality and Leisure Relief was set out by the Department for Levelling Up, Housing and Communities (DLUHC) and issued to Local Authorities on 20 December 2021, with no changes to the qualifying criteria for the year 2023/24. The table at paragraph 5.5 of the officer's report reflected the significant reduction in the amounts awarded in the last three years (previously known as the Expanded Retail Discount (ERD) scheme), with an estimate on the award to be granted in 2023//24.

Potential reductions to rateable values were contained within paragraph 6, which included fire stations, hospitals, museums and hotels occupied by asylum seekers.

Business Rates Review

The final report for a Business Rates Review was also published at the Budget. The Budget and the Review committed in the longer term to improvements to the Business Rates system – which included;

- More frequent revaluations, moving to a revaluation every three years starting from the next revaluation which came into force on 1st April 2023, the next being 1st April 2026 and so on.
- The process of revaluation started approximately 2 years before the new valuations came into force. For the revaluation due on 1st April 2023, the rateable value would be assessed based on the rental evidence on 1st April 2021. There would be a new duty on the ratepayer to provide the Valuation Office with the information

For each revaluation, the Government introduced a Transitional Relief scheme. Transitional relief limited how much a bill could change each year. As the NDR system was self-financing, historically these limits had limited both large increases and large decreases. In the Budget, the government announced a change to the Transitional relief scheme so that only increases were limited. For any reduction in the rateable value, a ratepayer would receive the full benefit of the reduction immediately.

Heat Network Rate Relief Scheme

The Government had published the guidance for Local Authorities on the operation of the Heat Network Rate Relief Scheme for 2023/24, substantially unchanged from 2022/23. Local Authorities were to continue to deliver the discretionary relief using their discretionary powers for 2023-24 until the relief was made mandatory through the Non-Domestic Rating Bill. The relief was targeted at hereditaments used wholly or mainly as heat networks with its own rating assessment, to provide relief for those networks generating from a low carbon source to ensure the policy supported decarbonisation.

Business Rates Avoidance and Evasion Consultation

In the Spring budget on 15 March 2023, the Chancellor announced that the government would consult on measures to tackle business rates and avoidance.

A consultation paper was provided in July 2023 with a target date of 27 September 2023 for responses.

The topics that formed part of the consultation were:

1. Measures to reform rates on unoccupied properties
2. Wider business rates avoidance and evasion
3. 'Rogue' agents

The Shared Service partners would be responding to this consultation.

13. Cost of Living Support

Purpose of Report

To provide Shared Revenues and Benefits Joint Committee with an update regarding various areas relating to the national welfare reform agenda, as well as current cost of living initiatives to support residents.

Decision

That the content of the report be noted, and a further update be presented at the next meeting of this Committee.

Alternative Options Considered and Rejected

None.

Reason for Decision

The report provided Shared Revenues and Benefits Joint Committee with an update with regard to the national and local position of welfare reform/other initiatives, with a specific focus on Universal Credit, Discretionary Housing Payments, Household Support Fund, Energy Bill Support Schemes, Council Tax Support Fund and Financial Inclusion matters.

The national Welfare Reform agenda had a significant impact on residents of Lincoln and North Kesteven since 2013 when certain changes were introduced – such as Removal of Spare Room Subsidy, and Benefit Cap – and had continued as further changes had been introduced, such as the ongoing rollout of Universal Credit. These changes had resulted in major changes to the operating of our shared service, to ensure a proactive and positive response to welfare reform and the impacts on residents.

The Covid-19 pandemic and now the rising cost of living, had caused major challenges to households locally and nationally. The Revenues and Benefits Shared Service played a lead and key role in developing deliverable schemes to help mitigate some of the impacts of cost-of-living challenges. Some of these schemes were directly delivered by this Service, some in partnership with other teams within the Councils, also with organisations such as those in the voluntary sector.

Universal Credit

The latest national figures published by the Department for Work and Pensions (DWP) were released on 15th August 2023, with statistics relevant to the period up to June 2023:

- 5,965,178 households receiving UC (this was an increase from 5,836,354 as reported at the last meeting of this Committee).

Local authority statistics:

- City of Lincoln – 11,343 (11,305 as at the last report).
- North Kesteven – 6,789 (6,644 as at the last report).

Discretionary Housing Payments (DHP)

In June 2023, a letter was issued to City of Lincoln Council and North Kesteven District Council setting out commencement of Tax Credit cases managed migration to Universal Credit starting September 2023. Officers understood all Lincolnshire, Nottinghamshire and Rutland local authorities received the same letter, as had all areas of the country. Officers were working closely with the Department for Work and Pensions locally and nationally to fully understand the impacts moving forward.

City of Lincoln's DHP initial government grant for 2023/24 was £132,330 and North Kesteven's £86,931.

Overall DHP funding for 2022/23 was reduced nationally from £140m to £100m. Consequently, grants for City of Lincoln and North Kesteven were also reduced by more than 29% each.

On 23rd February 2023, DWP announced DHP government grants for 2023/24. For City of Lincoln and North Kesteven, these were exactly the same amounts as for 2022/23; the national DHP allocation for 2024/25 would also be the same as for 2023/24.

As is usual, in advance of the new financial year a review of DHP internal guidance had been carried out – with two key changes implemented for 2023/24:

- Certain disability-related incomes previously disregarded when assessing DHP applications, to not be disregarded;
- Awards to those in private sector rented properties to be increased, to help reflect the challenges of frozen Local Housing Allowance rates.

The impacts of these changes were being closely monitored.

Household Support Fund Wave 4 (HSF4)

In his Autumn statement the Chancellor of the Exchequer announced an extension to the Household Support Fund, running from 1st April 2023 to 31st March 2024. Guidance was issued to local authorities on 20th February 2023, with allocations for this round of funding. For Lincolnshire, Household Support Fund 2023/24 funding was £10,929,370 ₁₀ to cover the whole financial year.

In Quarter 1 2023/24, Lincolnshire County Council confirmed plans in respect of Household Support Fund Wave 4 2023/24 with main details contained at paragraph 6.1 of the officer's report.

In terms of District Councils' separate allocations of HSF4 to be utilised to work with partners to provide payments, including through an application-based process in part (a requirement of the national HSF4 guidance), these had now been communicated to District Councils' HSF4 lead officers, - for City of Lincoln £202,676 had been allocated, and for North Kesteven £139,340.

Officers were in discussions with an established range of referral partners and application processes – as well as potentially some new partners/routes – to ensure these HSF4 monies (through vouchers, food parcels, energy top-ups, etc.) were delivered to those identified as in need. A key focus would again be on reducing foodbank dependency wherever possible, working with partners to help signpost residents to other means of support (e.g., money advice), - as well as supporting a drive to further increase usage of community groceries. A strategic aim of HSF4, was also to try and leave a 'legacy' of impact – as there was no guarantee of HSF5 (or of another form of local welfare provision) from 2024/25 onwards.

Energy Bill Support Scheme Alternative Funding/Alternative Fuel Payment

In October 2022, Central Government announced that the EBSS AF scheme was intended to provide the £400 of support for households across the UK that would otherwise miss out on the Energy Bills Support Scheme – which the vast majority of households were already receiving – as they did not have a domestic electricity contract.

The government further announced, on 19th December 2022, how people in England, Scotland and Wales without a direct relationship to a domestic energy supplier, including many care home residents and those living in park homes, would receive a £400 discount on their fuel bills through EBSS AF.

The government also provided a further £200 Alternative Fuel Payment (AFP) to help those households in Great Britain who used alternative fuels such as biomass or heating oil to meet energy costs last winter.

Applications approved and paid for both City of Lincoln and North Kesteven were detailed within the officer's report.

Council Tax Support Scheme 2023/24

On 23rd December 2022, Central Government provided guidance to local authorities regarding a £100 million Council Tax Support Fund for 2023/24, whereby awards of up to £25 were to be made to Council Taxpayers in receipt of Council Tax Support, - with an element of funding also to be made for discretionary local funds in 2023/24. Funding allocations for City of Lincoln and North Kesteven were £222,303 and £142,500, respectively.

Payments of up to £50.00 (the prescribed maximum was £25.00) were made to City of Lincoln and North Kesteven taxpayers as part of the 2023/24 Council Tax annual billing process. Remaining funding would be considered for local schemes in 2023/24. These figures were £101,705 for City of Lincoln, and £38,628 for North Kesteven.

The remaining funding was to be allocated in a detailed breakdown explained at paragraph 8 of the officer's report

Financial Inclusion

Financial inclusion continued to be a key objective and factor in many areas of LiNK's work. The Lincolnshire Financial Inclusion Partnership (LFIP) was currently chaired by the Assistant Director Shared Revenues and Benefits for North Kesteven District Council and City of Lincoln Council, - which brought together organisations and partners to promote and raise the profile of financial inclusion across the county. LFIP aimed to ensure that everyone had the capability and opportunity to access appropriate financial services and products needed to participate fully in society.

Week commencing 6 November 2023, the Money and Pension Service 'Talk Money Week' would be launched. A series of events would be held across the County, including a visit to Lincoln by the Executive of the Money and Pension Service. Further 'pop up's' to get information across would be held once the position of City of Lincoln Coordinator was in post.

A conference would be held in February 2024, details 'to follow'.

SUBJECT: PERFORMANCE UPDATE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: MARTIN WALMSLEY, ASSISTANT DIRECTOR, SHARED REVENUES AND BENEFITS

1. Purpose of Report

- 1.1 To provide Members with an update on performance in the Revenues and Benefits Shared Service.

2. Executive Summary

- 2.1 This report provides an update on Revenues and Benefits performance, in respect of Quarter 2 2023/24.
- 2.2 The Revenues and Benefits Shared Service has now been in operation for over twelve years, forming on 1st June 2011. Levels of performance have largely been maintained and improved whilst continuing to provide value for money. Continual improvement and success is being achieved in terms of both statistical and financial performance, as well as positive outcomes for customers of the partner local authorities. However, the Covid-19 global pandemic and then cost of living challenges have understandably impacted on some areas of performance, - these impacts are likely to continue for many more months.

3. Background

- 3.1 At the 7th September 2023 meeting of this Committee, a report was presented detailing Revenues and Benefits performance year outturns for Quarter 1 2023/24.
- 3.2 Performance is reported to this Committee on a quarterly basis.

4. Revenues Performance

4.1 Council Tax

- 4.2 Up to the end of Quarter 2 2023/24, in-year collections for Lincoln and North Kesteven are down by 1.70% and 1.08%, respectively.

Officers are undertaking benchmarking locally and more widely, and it does appear there is an emerging trend of Council Tax collection being reduced compared to previous financial years. The Covid-19 pandemic had already impacted, and signs are now that cumulative impacts of cost of living pressures are meaning residents are struggling to pay bills. Officers will continue to strike a balance of collecting vital monies due to the Councils, whilst aiming to help residents avoid undue exceptional hardship. Careful monitoring and management of Council Tax in-year collection will continue to take place.

Description		End Quarter 2 2023/24	Compared to End Quarter 2 2022/23
Council Tax Collection	City of Lincoln	50.46%	Down by 1.70%
Council Tax Collection	North Kesteven	56.34%	Down by 1.08%
Council Tax Net liability	City of Lincoln	£54,362,611	Up by £2,469,621
Council Tax Net Liability	North Kesteven	£80,990,513	Up by £4,627,644

- 4.3 The table below demonstrates the trend in Council Tax Support (CTS) caseloads. It can be seen that caseloads rose sharply in 2020 as an outcome of the impact of Covid-19 on the economy and residents' incomes. The caseload then plateaued somewhat and has been falling, - however, with the ongoing cost of living pressures on residents there is the potential that these reductions in caseloads may not continue. Officers are also looking into CTS take-up activity, as it is felt this is possibly being underclaimed by residents.

	City of Lincoln	North Kesteven
September 2023	8,432	5,393
June 2023	8,458	5,419
June 2022	8,518	5,443
June 2021	8,940	5,701
June 2020	8,991	5,834
June 2019	8,235	5,570

4.4 Business Rates

- 4.5 Up to the end of Quarter 2 2023/24, compared to the same point in 2023/24 in-year collection is down for all three local authorities, as follows:

- Lincoln by 3.43%;
- North Kesteven by 6.48%;
- West Lindsey by 8.30%.

Although at first sight these reductions in collection appear concerning, - they are compared to a point in 2022/23 when significant amounts of 'Covid Additional Relief Fund' (CARF) monies were added onto qualifying accounts. Therefore, in-year collection for Quarter 2 2022/23 was effectively 'inflated'. It is expected that the level of shortfall in 2023/24 in-year collection rate will reduce over Quarter 3 – and then into Quarter 4.

It should also be noted that collection has been 'skewed' somewhat in recent financial years due to varying criteria/awards of the Expanded Retail Discount (ERD).

Description		End Quarter 2 2023/24	Compared to End Quarter 2 2022/23
Business Rates collection	City of Lincoln	59.56%	Down by 3.43%
Business Rates collection	North Kesteven	64.10%	Down by 6.48%
Business Rates collection	West Lindsey	57.76%	Down by 8.30%
Business Rates Net Liability	Lincoln	£38,776,446	Down by £3,439,751
Business Rates Net Liability	North Kesteven	£30,935,084	Up by £1,693,046
Business Rates Net Liability	West Lindsey	£18,152,080	Up by £255,011

4.6 **Outstanding Revenues Documents**

4.7 The number of outstanding Revenues Customers (measured through the Document Management System) at the end of Quarter 2 2023/24 is 782 (split Lincoln 420, North Kesteven 362) – this continues the positive direction of travel and position, achieved through improved processes and recruitment to vacant roles within the team. It should be noted though at the same point, 1,297 e-mails are outstanding to be dealt with by the Revenues Team – which are also being tackled, with the aim of responding to customer e-mails more promptly. There are also items of work through the newly implemented Revenues self-serve system which are being worked on in terms of responding to these requests on a more timely basis.

4.8 **Housing Benefit Overpayments**

4.9 As at the end of Quarter 2 2023/24, in period collection of Housing Benefit overpayments stands at:

- City of Lincoln: 108.72%,
- North Kesteven: 97.02%.

4.10 Outstanding Housing Benefit overpayments debt also continues to decrease overall. As at the end of Quarter 2 2023/24:

- City of Lincoln: £2,402,885,
- North Kesteven: £1,258,896.

Although North Kesteven collection has fallen to below 100%, and outstanding debt has risen (but only by £1,759) – there are no concerns as collection remains high.

5. **Benefits Performance**

5.1 As at the end of Quarter 2 2023/24, there are 1,696 Benefits customers outstanding and awaiting assessment (split Lincoln 1,156, North Kesteven 540). This compares favourably to the end of Quarter 2 2022/23 (total 2,285 outstanding) and is a significant reduction from the end of Quarter 1 2023/24 (3,682 items outstanding). This is an extremely positive achievement, considering the significant ongoing demands on this team, - although regular overtime has been in place due to gaps in staffing resources (which is being addressed) as well as to help address additional

demands on the service due to cost of living pressures.

- 5.2 Despite the high level of demands on the Benefits Team, officers continue to turn around claims and reported changes of circumstance promptly, and accurately. As at the end of Quarter 2 2023/24:

End Quarter 2 2022/23	City of Lincoln	North Kesteven
Housing Benefit New Claims	16.61 days (End Quarter 2 2022/23 16.41 days)	18.58 days (End Quarter 2 2022/23 20.55 days)
Housing Benefit Changes of Circumstance	6.25 days (End Quarter 2 2022/23 6.44 days)	3.91 days (End Quarter 2 2022/23 4.17 days)

Direction of travel for all four average positions as above is positive, however it is recognised that New Claims performance for North Kesteven needs to further improve going forward.

To give this position some context, the latest national data available shows that in Quarter 1 2023/24 New Claims were processed in an average of 22 days by Councils, with Changes of Circumstance being processed in an average of 8 calendar days. It should be noted that these national figures are for a specific quarter only (i.e. Quarter 1 2023/24) and not cumulative over the financial year – which is how officers report these areas of performance for our shared service.

- 5.3 In terms of the claims checked that were ‘correct, first time’ (with even £0.01p ‘out’ being classified as an incorrect assessment), at the end of Quarter 1 2023/24:

- City of Lincoln: 89.87% (639 out of 711 checked),
- North Kesteven: 97.77% (395 out of 404 checked).

City of Lincoln's reduced level of performance in Quarter 1 2023/24 was due to 200 more checks during the quarter than in the same quarter last year, including due to less experienced officers being part of the team, 100% of claims being checked, which can also mean more (small) errors being identified – and then corrected. Performance has improved by more than 2% from the end of Quarter 1 to Quarter 2, demonstrating a positive direction of travel.

6. Welfare and Benefits Advice

- 6.1 Providing benefits and money advice continues to be key, with a team of dedicated and knowledgeable officers providing invaluable support to residents of Lincoln and North Kesteven. In Quarter 2 2023/24, the team has achieved the following:

Quarter 2 2023/24	City of Lincoln	North Kesteven
Advice provided enabling weekly value of additional benefits	£6,760	£5,528
Advice provided enabling lump sum award of additional benefits	£92,518	£61,434
No. of customers to whom help provided	1,497	513
No. money advice referrals	43	22

Outcomes and demands have generally continued to increase throughout the team, for both partner local authorities. There are a number of key reasons why the levels of Welfare/Money advice in Lincoln is higher than in North Kesteven, including:

- Differences in demographics;
- 'Customer journey' different at each Council;
- Significant number of foodbank vouchers issued at Lincoln compared to North Kesteven.

Demands and processes for the Welfare Team continue to be reviewed on an ongoing basis.

7. Strategic Priorities

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

- Lincoln: "Let's reduce all kinds of inequality".
- North Kesteven: "Our Communities", "Our Economy".

7.2 The Benefits Service plays a key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section is also mindful of the strategic priorities when engaging with business ratepayers as they recover business rates – and also promoting and encouraging growth in the districts. Digital Inclusion, Channel Shift / Customer Experience, Financial Inclusion, Employment, Skills and Partnership Working are all key priorities for the shared service.

8. Organisational Impacts

8.1 Finance

There are no direct financial implications arising from this report.

8.2 Legal Implications including Procurement Rules

There are no direct Legal or Procurement implications arising from this report.

8.3 Equality, Diversity & Human Rights

There are no direct implications arising from this report.

9. Risk Implications

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

10. Recommendations

10.1 To note the performance information as set out in this report.

10.2 To note that a performance update will be presented at the next meeting of this committee on 22nd February 2024.

Is this a key decision? No

Do the exempt information categories apply? No

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

How many appendices does the report contain? Appendix 1: Performance Data to end Quarter 2 2023/24

List of Background Papers: None

Lead Officer: Martin Walmsley, Assistant Director Shared Revenues and Benefits
Martin.walmsley@lincoln.gov.uk

Revenues and Benefits Joint Committee 23rd November 2023
Performance Update
Appendix 1: Performance Data to end Quarter 2 2023/24

<u>Measure</u>	<u>Quarter 2 2023/24</u>		<u>Quarter 2 2022/23</u>	
Local Authority	NK	COL	NK	COL
Council Tax collection (cumulative)	56.34%	50.46%	57.42%	52.17%
NNDR collection (cumulative)	64.10%	59.56%	70.58%	62.99%
NNDR collection – WLDC (cumulative)	57.76%		66.06%	
No. Revenues customers awaiting change to be processed	362	420	1,193	2,945
Total Net Arrears for Council Tax prior years (i.e. not including current year)	£2,954,648	£5,132,405	£1,701,196	£3,818,201
Total Net Arrears for NNDR prior years (i.e. not including current year)	£129,263 (credit)	£4,862 (credit)	£484,204 (debit)	£6,931 (credit)
Housing Benefit overpayments collection in period	97.02%	108.72%	141.15%	133.75%
Outstanding Housing Benefit overpayments debt	£1,258,896	£2,402,885	£1,327,854	£2,538,654
Housing Benefit New Claims: Average number of days to process (cumulative)	18.58 days	16.61 days	20.55 days	16.41 days
Housing Benefits Changes of Circumstances: Average number of days to process (cumulative)	3.91 days	6.25 days	4.17 days	6.44 days
No. Benefits customers awaiting assessment (cumulative)	540	1,156	732	1,553
% Benefits claims checked financially correct (cumulative)	97.77%	89.87%	95.32%	95.56%

This page is intentionally blank.

**SUBJECT: REVENUES AND BENEFITS - FINANCIAL MONITORING
QUARTER 2 2023/24**

DIRECTORATE: CHIEF EXECUTIVE & TOWN CLERK

**LEAD OFFICER: MARTIN WALMSLEY, ASSISTANT DIRECTOR, SHARED
REVENUES AND BENEFITS**

1. Purpose of Report

- 1.1 To present to Members the second quarter's (ending 30th September 2023) performance for the Revenues and Benefits Shared Service for 2023/24.

2. Executive Summary

- 2.1 The forecast outturn for 2023/24 predicts that there will be an underspend against the approved budget of £112,170, however after accounting for the newly confirmed 2023/24 pay award, due to be paid in December, there is a minor forecast overspend of £310.

3. Background

- 3.1 The approved budget for 2023/24 was agreed by Revenues and Benefits Joint Committee on 23rd February 2023. The Committee set a budget for 2023/24 of £2,878,930 for the service.
- 3.2 At quarter one, the budget was increased to reflect New Burdens grants totalling £61,950, giving a revised budget of £2,940,890, with no further changes as at quarter two.

	CoLC	NK	Total
	£	£	£
Original Budget	1,524,940	1,353,990	2,878,930
DWP - NEC ICT Costs-HB Stock cases (YE Acc)	8,220	5,190	13,410
DWP - LA-PED IT Costs (IP Address Online Supplier & IP Address IT Supplier)	1,500	1,500	3,000
DWP - Single Housing Benefit Extract Automation (SHBE API)	10,100	10,090	20,190
DWP - Housing Benefit Review (HBR)	240	0	240
DLUHC - Local Council Tax Support Scheme	14,050	11,060	25,110
REVISED BUDGET	1,559,060	1,381,830	2,940,890

4. Quarter Two Financial Performance and Forecast Outturn 2023/24

4.1 Performance Quarter 2

Financial performance as at the second quarter of 2023/24 is detailed in Appendix 1 to this report. At quarter two, there is an underspend against the approved budget of £112,760.

4.2 Forecast Outturn 2023/24

The forecast outturn for 2023/24 predicts that there will be an underspend against the approved budget of £112,170 a deterioration of £17,930 from quarter one. This, however, excludes the impact of the recently agreed national pay award which is, again, well in excess of the MTFS assumption of 3%. The impact of this has been calculated at £112,480, split between each authority as follows: City of Lincoln £56,470 and North Kesteven £56,010. The pay award is expected to be implemented in December 2023, and backdated to April 2023 and will therefore be fully reflected within the Q3 report.

Further details are attached below and within Appendix 2 of this report.

4.3 A summary of the main forecast year-end variations against the approved budget for 2023/24 is shown in the table below:

<u>Service Area</u>	<u>£</u>	<u>Reason for variance</u>
Management Team		
Pay Award	9,100	Budgetary impact of the National pay award over and above MTFS assumptions.
Benefits		
Salary costs	(46,480)	1.5FTE (55.5 hours) to be vacant for the remainder of the year partly offset with overtime costs.
IT Costs	38,990	New Software requirements, partially funded through New Burdens funding.
New Burdens	(36,600)	Additional grant funding to offset new IT cost pressures.
Pay Award	44,770	Budgetary impact of the National pay award over and above MTFS assumptions.
Revenues Local Taxation		
Staffing Costs	(31,820)	Vacancy savings expected until December.
IT Costs	26,620	New Software requirements, partially offset by NB funding for the Local Council Tax Support Scheme.

New Burdens	(25,110)	Additional grant funding for administration of the Local Council Tax Support Scheme.
Pay Award	46,330	Budgetary impact of the National pay award over and above MTFS assumptions.
Benefits/Money Advice		
Staffing Costs	(30,470)	Vacancy savings expected until October and January.
Pay Award	12,280	Budgetary impact of the National pay award over and above MTFS assumptions.

- 4.4 A job evaluation panel held on 11th July 2023 has evaluated, and approved, the Benefits Appeal Officer role at grade S6 (previously S5). This is now reflected in the current forecast outturn position. The impact of this job evaluation totals £1,485.88, which has been split as follows: City of Lincoln £861.81 and North Kesteven £624.07.
- 4.5 Each Council has received a new burdens grant from Central Government to administer the Energy Support Scheme, for which City of Lincoln received £14,950 and North Kesteven received £21,790, by agreement these grants sit outside of the shared service budget.

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

7. Recommendations

- 7.1 Members are recommended to note the actual position at quarter 2.

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:	Martin Walmsley Martin.walmsley@lincoln.gov.uk

Appendix 1 - Actual Position as at Quarter 2 2023/24

	Profiled Budget			Actual YTD			Variance YTD		
	CoLC	NK	Combined	CoLC	NK	Combined	CoLC	NK	Combined
Revenues & Benefits									
Management	123,670	123,670	247,340	120,158	120,158	240,315	(3,512)	(3,512)	(7,025)
Benefits	365,140	265,570	630,705	341,888	247,574	589,462	(23,252)	(17,996)	(41,248)
Revenues Local Taxation	228,650	237,990	466,640	208,269	216,770	425,038	(20,381)	(21,220)	(41,602)
Money Advice	67,670	67,670	135,335	56,229	56,229	112,458	(11,441)	(11,441)	(22,882)
Total 2023/24	785,130	694,900	1,480,020	726,544	640,730	1,367,274	(58,586)	(54,170)	(112,756)
Grand total							(58,586)	(54,170)	(112,756)

Appendix 2 Forecast Financial Outturn for 2023/24

	Annual Budget			Forecast Outturn			Variance		
	CoLC	NK	Combined	CoLC	NK	Combined	CoLC	NK	Combined
Revenues & Benefits Management	225,020	225,020	450,040	223,290	223,290	446,580	(1,730)	(1,730)	(3,460)
Benefits	709,930	516,340	1,226,270	683,340	497,000	1,180,340	(26,590)	(19,340)	(45,930)
Revenues Local Taxation	488,210	504,580	992,790	469,743	488,917	958,660	(18,467)	(15,663)	(34,130)
Money Advice	135,900	135,900	271,790	121,574	121,566	243,140	(14,326)	(14,324)	(28,650)
Total 2023/24	1,559,060	1,381,830	2,940,890	1,507,759	1,338,891	2,846,650	(61,112)	(51,057)	(112,170)
Impact of National Pay Award							56,470	56,010	112,480
Grand total							(4,642)	4,953	310

SUBJECT: BUSINESS RATES UPDATE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: EMMA-JANE BRODRICK, RECOVERY AND NNDR/BID TEAM LEADER

1. Purpose of Report

- 1.1 To provide Joint Committee with an update on current issues within non-domestic rate.

2. Executive Summary

- 2.1 This report provides Joint Committee with an update on non-domestic rate, to include reference to City of Lincoln Council, North Kesteven District Council and West Lindsey District Council. The report is not intended to include non-domestic rate performance matters, as this is covered in the 'Performance Update' report before this Joint Committee today.

3. Background

- 3.1 The report includes some of the changes that have been announced as a result of the Government's financial support provided to businesses in the form of business rates relief. The report also focuses on the financial impact of recent appeals and reductions to rateable values.

4. NDR Charges and Significant Reliefs/Discounts

- 4.1 At the Autumn Statement on 17 November 2022, the Chancellor announced that the Government would continue to provide a package of business rates measures to support businesses in England.
- The retail, hospitality and leisure relief will increase from 50% to 75% up to £110,000 per business
 - A freezing of the multipliers for a further year at 49.9p (small business multiplier) and 51.2p (standard multiplier)
 - The Supporting Small Business Relief scheme will cap increases at £600 a year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation.
 - The scope of the discount for 2023/24 will return to pre-Covid-19 eligibility retail properties. Hospitality and leisure properties will continue to remain in scope, and the Rateable Value continues to be uncapped.
 - Historically at the beginning of every new Rating List there has been a transitional scheme which phases in large increase in liability for the Non

Domestic Rates and this is offset by phasing in large decreases in liability. However, the transitional scheme for 2023, phases in large increases but there is no phasing of decreases and those customers will feel the benefit of any reduction in their rateable value immediately.

- The details of the transitional relief scheme and upward 'capping' were provided shortly after the Autumn Statement and can be seen below.

For 2023

Rateable Value	2023-24	2024-25	2025-26
Up to £20,000	5%	10% plus inflation	10% plus inflation
£20,001 to £100,000	15%	25% plus inflation	40% plus inflation
£100,001 +	30%	40% plus inflation	55% plus inflation

5. Retail, Hospitality and Leisure Relief 2023-24

5.1 Eligibility criteria for the Retail, Hospitality and Leisure Relief was set out by the Department for Levelling Up, Housing and Communities (DLUHC) and issued to Local Authorities on 20 December 2021. No changes were made to the qualifying criteria for the year 2023/24. This can be found here:

- [Business Rates Information Letter 9/2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004242/business-rates-information-letter-9-2021.pdf)

[Business rates guidance: 2022/23 Retail, Hospitality and Leisure Relief Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/business-rates-guidance-2022-23-retail-hospitality-and-leisure-relief-scheme)

5.2 Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- b) for assembly and leisure; or
- c) as hotels, guest & boarding premises and self-catering accommodation.

5.3 DLUHC guidance provided further detailed lists of properties which fell into the above categories but made it clear that the list is not intended to be exhaustive. The list was intended to be a guide for Local Authorities (LA's) as to the types of uses that the Government considers for the purpose to be eligible for relief. LA's were required to determine for themselves whether particular properties not listed are broadly similar in nature to those above, and if so, to consider them eligible for the relief.

5.4 Government will reimburse LA's that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (amended).

5.5 In terms of Retail, Hospitality and Leisure Relief (previously known through the Expanded Retail Discount (ERD) scheme), the figures below reflect the significant reduction in the amounts awarded in the last three years with an estimate on the award to be granted in 2023/24.

Awarded	City of Lincoln	North Kesteven	West Lindsey	Annual reduction
2020/21	£28,002,354	£6,748,970	£5,048,076	100%
2021/22	£9,544,369	£3,890,932	£2,288,599	66%(Apr-Jun) 100%(Jul-Mar)
2022/23	£2,840,236	£1,691,974	£1,032,508	50%
2023/24 Estimated on NDR1	£3,906,616	£2,383,359	£1,486,748	75%
2023/24 End Sept 23	£3,921,106.95	£2,334,764	£1,413,122	75%

Capping applies to all years with exception of 2020/21

6. Potential Reductions to Rateable Value

Fire Stations and Hospitals

- 6.1 On 4 December 2020, the Valuation Office Agency (VOA) contacted all Local Authorities to advise they may start to see changes in the rateable values of hospitals and fire stations. These categories have been in discussion under the VOA's Group Pre-Challenge Review (GPCR) procedure.
- 6.2 Rating agents requested GPCR discussions in early 2020 and submitted checks against a representative sample of properties within each class. The GPCRs facilitated the provision and exchange of evidence culminating in agreed valuation schemes.
- 6.3 On average reductions will be around 10% on NHS and private hospitals, and 9% on fire stations however this will subject to wide variation dependant on the age of the properties.

Most reductions are needed to reflect the application of new age and obsolescence scales for non-industrial properties, following guidance given in the Upper Tribunal decision *Hughes v York Museum*. Larger reductions, in the region of 23%, are likely on:

- hospitals built after 2010 (further building costs were produced by the agents to support this); and
- older 1960s/70s built hospitals (particular those of a 'tower block design'; these having greater functional obsolescence).

- 6.4 Whilst the initial reductions will flow from GPCR Challenges, the scheme reductions the VOA have agreed will likely be actioned on any existing and future Check cases; these can be actioned as soon as the VOA have confirmation all physical factors they hold in their surveys are correct.

6.5 Hotels Occupied by Asylum Seekers

Under Section 66(1) of the Local Government Finance Act 1988, a property is domestic if it is used for living accommodation with the only exception being in Section 66(2) which says a property is not domestic if it is being used in the course of a business providing short-stay accommodation to individuals whose sole or main residence is

somewhere else.

Where a hotel is used to as accommodation for refugees/asylum seekers, the occupants do not have a sole or main residence elsewhere. Therefore, the hotel should be brought into the Council Tax listings with the maximum charge being a Band H property.

The Valuation Office have recently removed a hotel from the Non Domestic Rating list and brought this into the Council Tax listings as a Band H Council Tax dwelling.(not in our districts) The result of this is a loss of Non Domestic Rating income to the authority which is not offset by the amount of a Council Tax paid for a Band H dwelling.

The Valuation Office are making changes to properties that they know about, but as the Home Office will likely to have a register of the properties being used to house refugees/asylum seekers, this may increase the number of hotels that are removed from Non Domestic Rating listings.

7. Business Rates Review

- 7.1 The final report for a Business Rates Review was also published at the Budget. The Budget and the Review commits in the longer term, to making improvements to the Business Rates system – these include the following;

More frequent revaluations, moving to a revaluation every three years starting from the next revaluation which comes into force on 1st April 2023, the next being 1st April 2026 and so on.

The process of revaluation starts approximately 2 years before the new valuations come into force. For the revaluation due on 1st April 2023, the rateable value will be assessed based on the rental evidence on 1st April 2021. There will be a new duty on the ratepayer to provide the Valuation Office with the information.

- 7.2 For each revaluation, the Government introduces a Transitional Relief scheme. Transitional relief limits how much a bill can change each year. As the Ndr system is self-financing, historically these limits have limited both large increases and large decreases. In the Budget, the government announced a change to the Transitional relief scheme so that only increases were limited. For any reduction in the rateable value, a ratepayer will receive the full benefit of the reduction immediately.

Rateable values at 31st March 2023 are shown below:

Total RV	City of Lincoln	North Kesteven	West Lindsey
2017 list – RV	111,657,102	76,676,924	49,669,995
Hereditaments	3589	3458	3051
2023 draft list – RV	109,146,624	84,565,162	53,638,108
Hereditaments	3589	3457	3051
		Reduction is due to one assessment entering the Central Listings	
Changes to RV from 2017 to 2023	-2,510,478 -2.25%	7,888,238 10.3%	3,968,113 8.0%

7.3 Heat Network Rate Relief Scheme

As set out in the business rates information letter the government has published the guidance for Local Authorities on the operation of the Heat Networks relief scheme for 2023/24. The scheme is substantially unchanged from the guidance published for 2022/23. Local Authorities are to continue to deliver the discretionary relief using their discretionary powers for 2023-24 until the relief is made mandatory through the Non Domestic Rating Bill.

This relief is targeted at hereditaments being used wholly or mainly as heat networks and has its own rating assessment. The relief is for those networks generating from a low carbon source to ensure that the policy supports decarbonisation.

Heat networks take heat or cooling from a central source(s) and deliver it to a variety of different customers such as public buildings, shops, offices, hospitals, universities and homes. By supplying multiple buildings, they avoid the need for individual boilers or electric heaters in every building. Heat networks have the potential to reduce bills, support local regeneration and be a cost-effective way of reducing carbon emissions from heating.

For these purposes, a heat network is a facility, such as a district heating scheme, which supplies thermal energy from a central source to consumers via a network of pipes for the purposes of space heating, space cooling or domestic hot water. Hereditaments wholly or mainly providing heat for a different purpose (such as an industrial process) are not eligible. The government will keep under review the incidence of heat networks in any industrial process context and whether they should benefit from the relief.

The test should be applied to the hereditament as a whole and heat network relief is not available on part of a hereditament. Many small and medium scale heat networks, such as common heating systems in multi-occupied buildings or estates, do not give rise to a separate business rates bill. In these cases, the heat network forms part of the services of the properties which have a wider purpose (e.g. offices) and therefore would not be eligible for Heat Network Relief.

8. Business Rates Avoidance and Evasion Consultation

- 8.1 In the Spring budget on 15 March 2023, the Chancellor announced that the Government would consult on measures to tackle business rates avoidance and evasion.

A consultation paper was provided in July 2023, with a target date of 27 September 2023 for responses.

The Ministerial Foreword of this consultation states -

The vast majority of those who engage with the business rates system do so honestly and transparently. Ratepayers pay the taxes that are due and enjoy the benefits of the reliefs and exemptions to which they are entitled. Rating agents assist their clients competently and adhere to a high professional standard when dealing with billing authorities and the Valuation Office Agency (VOA).

But there is also a small minority who seek to exploit the business rates system, either through false reporting, or through contrived means which circumvent the spirit and intention of the law. The former is evasion, the latter, avoidance. These practices unfairly shift the burden of business rates onto the honest majority, and result in loss of revenue which should be used for vital public services.

The topics that form part of the consultation are –

1. Measures to reform rates on unoccupied properties
2. Wider business rates avoidance and evasion
3. 'Rogue' agents

The Shared Service partners will be responding to this consultation.

9. Non Domestic Rating Bill – Royal Assent 26 October 2023

9.1 This bill will make a number of changes to Non Domestic Rating

One of the changes removes the 6 month backdating rule for discretionary rate relief decisions in England and this was the subject of a question I was asked this week.

The Act creates section 47(6A) which says that a decision, by a billing authority in England, with regards a day is invalid if the day falls before 31 March 2023 and the decision is made more than 6 months after the end of the financial year to which it relates, i.e. the backdating rule does not apply to decisions in respect of 2023-24 onwards.

This is likely to mean that with effect from 1 April 2024 we will be able to make decisions on discretionary reliefs fully retrospectively (in respect of the financial year 2024/25 onwards....")

The other significant change is the decoupling of the multipliers and, in effect, the abolition of the small business supplement from 1 April 2024.

This means that Government can choose to raise the two multipliers by different amounts.

This is going to require extensive discussions between the government and the software suppliers as to how this required data can be extracted before the Local Authorities have to issue the return for the NDR1 (assessment for the rating income for 2024) which is due on 31 December 2023.

The bill also paves the way for data sharing between the VOA, HMRC and billing authorities. The authorities already have a sharing agreement with the VOA but due to the changes with what they can now share, we expect a new sharing agreement and protocol to be announced by the VOA.

10. Strategic Priorities

- 10.1 Both authorities look to protect those who may be experiencing final hardship. The Revenues Team is mindful of the strategic priorities when engaging with business ratepayers as they look to recover the business rate.

11. Organisational Impacts

11.1 Finance

There are no direct financial implications arising as result of this report.

11.2 Legal Implications including Procurement Rules

There are no legal nor procurement implications as a direct result of this report.

11.3 Equality, Diversity & Human Rights

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.

12. Risk Implications

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

13. Recommendation

- 13.1 Members are requested to note this report.

Is this a key decision?	No
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	None
List of Background Papers:	None

Lead Officer: Emma-Jane Brodrick, Recovery and NNDR/BID Team
Leader, emma-jane.broderick@lincoln.ov.uk

This page is intentionally blank.

SUBJECT: COST OF LIVING SUPPORT

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

LEAD OFFICER: REBECCA COX, WELFARE REFORM AND PROJECT LEAD

1. Purpose of Report

- 1.1 To provide Joint Committee with an update regarding various areas relating to the national welfare reform agenda, as well as current cost of living initiatives to support residents.

2. Executive Summary

- 2.1 This report provides Joint Committee with an update with regard to the national and local position of welfare reform/ other initiatives, with a specific focus on Universal Credit, Discretionary Housing Payments, Household Support Fund, Council Tax Support Fund and Financial Inclusion matters.

3. Background

- 3.1 The national Welfare Reform agenda has had a significant impact on residents of Lincoln and North Kesteven since 2013 when certain changes were introduced – such as Removal of Spare Room Subsidy, and Benefit Cap – and has continued as further changes have been introduced, such as the ongoing rollout of Universal Credit. These changes have resulted in major changes to the operating of our shared service, to ensure a proactive and positive response to welfare reform and the impacts on residents.

The Covid-19 pandemic and cost of living related matters, have caused significant challenges to households locally and nationally. The Revenues and Benefits Shared Service plays a lead and key role in developing and delivering schemes to help mitigate some of the impacts of cost of living challenges. Some of these schemes are directly delivered by this Service, - some in partnership with other teams within the Councils, also with organisations such as those in the voluntary sector.

4. Universal Credit (UC)

- 4.1 The latest national figures published by the Department for Work and Pensions (DWP) w released on 17th October 2023, with statistics relevant to the period up to August 2023:

- 6,043,162 households receiving UC (this is an increase from 5,965,178 as reported at last meeting of this Committee).

Local authority statistics are also available:

- City of Lincoln – 11,478 (11,343 as at the last report).
- North Kesteven – 6,946 (6,789 as at the last report).

- 4.2 On 25th April 2022, then Secretary of State for Work and Pensions Therese Coffey made a statement in the House of Lords ([Written statements - Written questions, answers and statements - UK Parliament](#)) regarding managed UC migration for working-age legacy benefits – with the aim of completing this migration by the end of 2024. Further information

regarding the migration process has been published on GOV.UK ([Completing the move to Universal Credit - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/completing-the-move-to-universal-credit)) and since then, an initial 500 cases in Bolton and Medway areas have been invited to migrate from legacy benefits to UC. Further sites were announced over summer 2022, with 250 migration notices being issued in Truro, Falmouth, Harrow and Northumberland, as part of this UC 'discovery phase'.

On 10th April 2023, DWP released a research and analysis document entitled 'Completing the move to Universal Credit: Learning from the Discovery Phase', link here [Completing the move to Universal Credit: Learning from the Discovery Phase - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/research-analysis/completing-the-move-to-universal-credit-learning-from-the-discovery-phase). The summary included in this document states: *We have learnt a great deal from the Discovery phase and have developed our approach based on this learning. The circumstances for every household are different, but Discovery has shown us that on the whole households are able to make the move to UC. In line with our assumptions claimants on tax credits appear to be more digitally capable and able to make the move with less support. We have focused the later phases of Discovery on tax credit only cases to test different approaches around engagement to maximise the number of people making a claim. There is more we still need to test, including how we engage with a greater number of claimants at the same time, increasing the understanding around Transitional Protection and finding the optimal time to engage with different claimants. Overall, the evidence from Discovery is positive and provides us with confidence that we can safely transition claimants to UC.*

DWP has now released information to state those in receipt of Tax Credits will be asked to apply for UC by the end of 2024 ([Tax credits are ending - Understanding Universal Credit](https://www.gov.uk/government/news/tax-credits-are-ending-understanding-universal-credit)). DWP has also announced, through the Autumn Statement 2022, that the managed migration of Employment and Support Allowance (ESA) cases has been delayed to 2028/29.

In June 2023, a letter was issued to City of Lincoln Council and North Kesteven District Council setting out commencement of Tax Credit cases managed migration to Universal Credit, with notification letters issued from September 2023. Officers understand all Lincolnshire, Nottinghamshire and Rutland local authorities received the same letter, and that all areas of the country have now received similar letters for their respective areas. Officers are working closely with the Department for Work and Pensions locally and nationally, to fully understand impacts moving forward.

DWP has recently announced that in December 2023 they will further expand the 'Move to UC' into Berkshire, Buckinghamshire, and Oxfordshire, and that expansion for October through to December includes a smaller number of Jobcentre Districts than previous months, as DWP brings in Couple Tax Credit claims and will be issuing migration notices to areas already within Move to UC activity. For migration notices that would have had a deadline date that fell between 11th December 2023 and 5th January 2024, 30 days has been automatically added to the claimant's deadline date.

5. Discretionary Housing Payments (DHP)

- 5.1 Overall DHP funding for 2022/23 was reduced nationally from £140m to £100m. Consequently, grants for City of Lincoln and North Kesteven were also reduced by more than 29% each.

On 23rd February 2023, DWP announced DHP government grants for 2023/24. For City of Lincoln and North Kesteven, these are exactly the same amounts as for 2022/23, and the announcement also stated that the national DHP allocation for 2024/25 will be the same as for 2023/24 – so individual local authorities may well receive the same figures for 2024/25

– although this will be confirmed later this year. The table below includes the confirmed 2023/24 allocations, also showing previous years' grants.

	City of Lincoln Council central government DHP grant	North Kesteven central government DHP grant
2023/24	£132,330	£86,931
2022/23	£132,330	£86,931
2021/22	£186,707	£122,652
2020/21	£250,113	£172,612
2019/20	£178,674	£113,943
2018/19	£208,624	£126,693
2017/18	£242,505	£140,972
2016/17	£173,675	£107,514
2015/16	£139,678	£99,977
2014/15	£194,308	£107,365
2013/14	£199,741	£98,229
2012/13	£98,865	£42,589

5.2 The table below breaks down the number of DHP applications received and determined in Quarter 2 2023/24.

DHP applications – Quarter 2 2023/24	City of Lincoln	North Kesteven
Total number awarded	182 (Quarter 2 2022/23 = 203)	97 (Quarter 2 2022/23 = 152)
No. awarded for Housing Benefit	46 (Quarter 2 2022/23 = 74)	21 (Quarter 2 2022/23 = 60)
No. awarded for Universal Credit	136 (Quarter 2 2022/23 = 129)	76 (Quarter 2 2022/23 = 92)
Average DHP award	£567.02 (Quarter 2 2022/23 = £370.04)	£604.76 (Quarter 2 2022/23 = £342.55)

The average award for both City of Lincoln and North Kesteven have increased for 2023/24 compared to 2022/23 due to more applications being turned down this financial year because of officers now including Personal Independence Allowance, Disability Living Allowance and Attendance Allowance into consideration, meaning more customers have income that exceeds their outgoings. This is allowing officers to award larger DHP payments to those customers living in the private sector where rents have significantly increased, whilst the Local Housing Allowance figures have remained the same.

5.3 The table below shows DHP spend for 2023/24 up to the end of Quarter 2.

	Central Government - DHP Grant 2023/24	DHP net spend as at 30th Sept 2023	DHP committed as at 30 th Sept 2023	DHP total spend as at 30 th Sept 2023	% Grant spent
City of Lincoln	£132,330	£54,418	£48,780	£103,199	79.99%
North Kesteven	£86,931	£30,205	£28,457	£58,662	67.48%

5.4 As is usual, in advance of the new financial year a review of DHP internal guidance has been carried out – with two key changes implemented for 2023/24:

- Certain disability-related incomes previously disregarded when assessing DHP applications, to not be disregarded;
- Awards to those in private sector rented properties to be increased, to help reflect the challenges of frozen Local Housing Allowance rates.

The impacts of these changes are being closely monitored.

6. Household Support Fund

6.1 Previous reports to this Committee updated on Household Support schemes going back as far as October 2021. This report updates on the current position in relation to Household Support Fund wave 4.

In his Autumn statement the Chancellor of the Exchequer announced an extension to the Household Support Fund, running from 1st April 2023 to 31st March 2024. Guidance was issued to local authorities on 20th February 2023, and allocations for this round of funding. For Lincolnshire, Household Support Fund 2023/24 funding is £10,929,370 – to cover the whole financial year.

In Quarter 1 2023/24, Lincolnshire County Council confirmed plans in respect of Household Support Fund wave 4 2023/24 (HSF4), and updated its HSF website page ([Household Support Fund – Lincolnshire County Council](#)), including the following:

- *Approximately 43% of the funding will be delegated to schools and early years providers to support for children eligible for benefit-related free school meals, early years pupil premium and families with a 2-year-old eligible for early years entitlement.*
- *Approximately 44% will be directed through Lincolnshire's district councils to provide financial support to housing benefit only claimants not in receipt of other support provided via the national scheme.*
- *1% of the grant funding will be used to provide financial support to eligible care leavers in supported living accommodation.*
- *The remaining grant funding will be directed towards other vulnerable households via local schemes, with approximately 11% of the local grant made available to district councils on a proportionate basis. District councils and other third sector/voluntary organisations will work to provide an application-based process to ensure this funding is distributed through local channels in line with the grant conditions. Further details on this process will be published on district council websites once agreed.*

For Housing Benefit recipients in Lincolnshire who were not entitled to the national Cost of Living Payment 2023/24 ([Cost of Living Payments 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cost-of-living-payment-2023-24)), the intention is that this payment will be replicated in three phases, the first payment of (£301) was issued in August through Post Office vouchers with a total of £184,212 awarded to 612 eligible households within the City of Lincoln and £181,804 awarded to 604 eligible households within North Kesteven.

In terms of District Councils' separate allocations of HSF4 to be utilised to work with partners to provide payments, including through an application-based process in part (a requirement of the national HSF4 guidance), these have been communicated to District Councils' HSF4 lead officers, - for City of Lincoln £202,676 has been allocated, and for North Kesteven £139,340.

Officers are working in partnership with an established range of referral partners and application processes – as well as some new partners/routes – to ensure these HSF4 monies (through vouchers, food parcels, energy top-ups, etc) are delivered to those identified as in need. A key focus is again with regard to reducing foodbank dependency wherever possible, working with partners to help signpost residents to other means of support (e.g. money advice), - as well as supporting a drive to further increase usage of community groceries. A strategic aim of HSF4, is also to try and leave a 'legacy' of impact – as there is no guarantee of HSF5 (or of another form of local welfare provision) from 2024/25 onwards.

In terms of an 'open application' scheme, officers will continue to work other District Council colleagues to try and ensure a consistent approach wherever possible, but with reference to City of Lincoln and North Kesteven specific requirements and available funding too. It is envisaged that the best way to ensure HSF4 monies last throughout 2023/24, will be to open up the scheme in a number of phases. The first wave of the online application process opened on the 2nd October 2023 with awards of £26,700 paid to City of Lincoln customers and £18,250 to residents in North Kesteven and applications still being taken.

For the month of October 2023, the following awards were made to support with the cost of Food, Energy & Water, Wider Household Essentials & Housing Costs.

City of Lincoln

Household Composition	Households with a Disabled Person	Households with Children	Households with a Pensioner	Other	
Number of Households Helped	73	85	26	47	
Amount of Award	£10,950	£13,900	£4,450	£5,650	Total Paid £34,950

North Kesteven

Household Composition	Households with a Disabled Person	Households with Children	Households with a Pensioner	Other	
Number of Households Helped	51	74	14	22	
Amount of Award	£7,950	£12,650	£2,600	£2,550	Total Paid £25,750

7. Council Tax Support Fund 2023/24

On 23rd December 2022, Central Government provided guidance to local authorities regarding a £100 million Council Tax Support Fund for 2023/24, whereby awards of up to £25 are to be made to Council Taxpayers in receipt of Council Tax Support (CTS), - with an element of funding also to be made for discretionary local funds in 2023/24. Funding allocations for City of Lincoln and North Kesteven are £222,303 and £142,500, respectively.

Payments of up to £50.00 (the prescribed maximum was £25.00) were made to City of Lincoln and North Kesteven taxpayers as part of the 2023/24 Council Tax annual billing process. Remaining funding will be considered for local schemes in 2023/24. These figures are £101,705 for City of Lincoln, and £38,628 for North Kesteven.

The remaining funding is to be allocated as follows:

- **New CTS Cases (Lincoln and North Kesteven):**

- Where a taxpayer has become (or becomes during the financial year) in receipt of CTS since annual billing in 2023/24, they are to be awarded up to £50 which will be credited to their Council Tax account. The award cannot be higher than their outstanding 2023/24 Council Tax charge (following the award of CTS). If a taxpayer has already received an award under the prescribed scheme (e.g. they were on CTS at annual billing 2023, their CTS awarded ended – but then they became eligible for a new CTS award during 2023/24) – they will not be able to receive an award under this Discretionary scheme.

- **Discretionary Awards (Lincoln and North Kesteven):**

- Outstanding funding (once the new CTS cases have been identified and profiled for the remainder of 2023/24) will be retained as a ‘discretionary pot’ for taxpayers who have been identified by a member of LiNK (although referrals can come through other Council teams – for example, Housing, Customer Services), up to £50 may be awarded to an account – but only if they have not received an award previously under either the prescribed or discretionary scheme.

- **Review of Discretionary Scheme (Lincoln):**

Spend and impacts of the scheme will be monitored by the Revenues and Benefits Management Team (RBMT) on a monthly basis, and where amendments to the scheme need to be considered – or it is deemed a specific cohort needs to be targeted under this scheme – recommendation/s will be made through the Assistant Director Shared Revenues and Benefits, for consideration/approval by the Chief Finance Officer.

- **Review of Discretionary Scheme (North Kesteven):**

Spend and impacts of the scheme will be monitored by the Revenues and Benefits Management Team (RBMT) on a monthly basis, and where amendments to the scheme need to be considered – or it is deemed a specific cohort needs to be targeted under this scheme – recommendation/s will be made through the Assistant Director Shared Revenues and Benefits, for consideration/approval by the Director of Resources.

- 7.1 A system release is currently being tested to pay up to £50 to CTS claims since annual billing 2023, and a proactive exercise is taking place to target groups who may benefit from

receiving award from this fund – including taxpayers who have received a reminder notice. A verbal update will be provided to this Committee on 23rd November with regard to spend, outstanding funding and action going forward.

8. Financial Inclusion

- 8.1 Financial inclusion continues to be a key objective and factor in many areas of LiNK's work. The Lincolnshire Financial Inclusion Partnership (LFIP) is currently chaired by the Assistant Director Shared Revenues and Benefits for North Kesteven District Council and City of Lincoln Council, - which brings together organisations and partners to promote and raise the profile of financial inclusion across the county.

Two key areas of high-profile engagement by LFIP in 2023/24, are:

- Co-ordination of 'Talk Money Week' activities in Lincolnshire during the week-commencing 6th November 2023: [Talk Money Week | 6–10 Nov 2023 | The Money and Pensions Service \(maps.org.uk\)](#) ;
- A conference to be held on 20th February 2024 (likely to be in Grantham), to follow-up from the highly successful conference held at the Jakemans Community Stadium in Boston, in February 2023.

- 8.2 In terms of the well-documented national cost of living pressures, both our partner Councils continue to review and update web pages dedicated to initiatives to try and assist our residents with cost of living support:

- [Cost of Living Support – City of Lincoln Council](#)
- [Cost of Living Support | North Kesteven District Council \(n-kesteven.gov.uk\)](#) .

9. Strategic Priorities

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

- Lincoln: "Let's reduce all kinds of inequality".
- North Kesteven: "Our Communities", "Our Economy".

The Benefits Service plays a key role in reducing inequality by ensuring residents receive the benefits they are entitled to and providing money / debt advice. The Revenues Section is also mindful of the strategic priorities when engaging with business ratepayers as they recover business rates – and also promoting and encouraging growth in the districts. Digital Inclusion, Channel Shift / Customer Experience, Financial Inclusion, Employment, Skills and Partnership Working are all key priorities for the shared service.

9.2 Organisational Impacts

9.3 Finance

There are no direct financial implications arising as a result of this report.

9.4 Legal implications inc Procurement Rules

There are no direct Legal or Procurement implications arising from this report.

10. Risk Implications

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

11. Recommendation

11.1 That Joint Committee notes this report, also that a further update will be presented at the next meeting of this Committee.

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

Does the report contain Appendices? No

If Yes, how many Appendices? None

List of Background Papers: No

Lead Officer: Rebecca Cox, Welfare Reform and Project Lead,
Welfare.Reform@lincoln.gov.uk