

SUBJECT:	PERFORMANCE UPDATE
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	CLAIRE MOSES, INTERIM HEAD OF SHARED REVENUES AND BENEFITS

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: -

Business Rates	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Lincoln	99.43	99.78%	99.46%	99.31%	99.08%	99.20%
North Kesteven	99.09	99.46%	99.78%	99.53%	99.93%	99.70%
West Lindsey	97.34	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:

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

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

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

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

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

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: -

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

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:-

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

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

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
City of Lincoln	£173,675 (+ £26,709 unallocated monies from general fund carried-forward from 2015/16) = £200,384	£154,407	£19,268 = 11.09%
North Kesteven	£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