

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

Apologies for Absence: Councillor John Money

17. Confirmation of Minutes - 5 September 2017

RESOLVED that the minutes of the meeting held on 5 September 2017 be confirmed.

18. Declarations of Interest

No declarations of interest were received.

19. Members' Summary of Reports

A summary of the reports contained within the agenda pack for this meeting was noted.

20. Financial Monitoring Quarter 2 2017/18

Purpose of Report

To present members with the second quarter's financial performance for the Revenues and Benefits Shared Service for 2017/18.

Decision

That the actual position at quarter 2 be noted and the budget adjustments for 2017/18, as set out in paragraph 3.2 of the report and amended as per the minute below, be approved.

Alternative Options Considered and Rejected

None.

Reasons for Decision

The approved budget for 2017/18 contained a contingency budget of £20,000 within revenues and benefits management costs to cover unforeseen events. As part of the restructure of the service earlier in the year this had since been moved to cover additional staff capacity within the service.

The budget had subsequently been revised to account for a number of items which included Universal Credit, the Housing Benefit New Burden and the FERIS Incentive Funding, as set out in paragraph 3.2 of the report. In addition to this, it was noted that £6,899.03 each would be allocated to the City of Lincoln Council and North Kesteven District Council to account for changes to the computer software system. This meant that the total in the table at paragraph 3.2 would now equate to £55,976.06.

Financial performance for the second quarter of 2017/18 was detailed in Appendix 1 of the report, with an underspend against the approved budget of £30,977.

The forecast outturn for 2017/18 predicted that there would be an underspend against the approved budget of £73,178. Further details relating to this were outlined in Appendix 2 of the report. A summary of the main forecast year-end variations against the approved budget for 2017/18 was outlined in the report under paragraph 4.3 and were attributable to staffing, telephone expenses, printing and mobile phones and lone working devices in relation to the Benefits, Revenues Local Taxation and Benefits/Money Advice teams.

It was noted that printing was now being undertaken by a new corporate external printing company, with the figures set out in the report reflecting last year's costs and may represent a 'worst case' scenario. It was hoped that use of the new printing company would result in some financial efficiencies.

21. Performance Update

Purpose of Report

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

Decision

- (1) That the performance information as set out in the report be noted.
- (2) That a performance update be presented to the next meeting scheduled to be held on 27 February 2018.

Alternative Options Considered and Rejected

None.

Reason for Decision

Updates on performance in the Revenues and Benefits Shared Service for quarter 2 of 2017/18 were noted, as follows:

Council tax

As at the end of quarter 2, in-year collections compared to the same point in 2016/17 were both higher at 0.14% in Lincoln and 0.09% in North Kesteven. This was noted as being positive when taking into consideration changes to localised council tax support schemes. As at the end of October 2017, in comparison to the end of October 2016, collection was 0.19% higher and 0.15% lower for Lincoln and North Kesteven respectively. No specific concerns regarding collection rates for 2017/18 were expected at this point in time. Paragraphs 4.3 and 4.4 of the report demonstrated the additional council tax being collected.

Business rates

Compared to the same point in 2016/17 as at the end of October 2017, in-year business rate collection performance was as follows:

- City of Lincoln – 1.47% up;
- North Kesteven – 0.01% up;
- West Lindsey – 0.36% down.

Although West Lindsey collection was still lower than the same point in 2016/17, collection was further behind earlier in 2017/18 so progress was being made. This would continue to be closely managed and monitored. As at the end of October 2017, in comparison to the end of October 2016, collection was 1.47% higher, the same, and 0.36% lower for Lincoln, North Kesteven and West Lindsey respectively. Paragraphs 4.8 and 4.9 of the report demonstrated the additional council tax being collected.

Outstanding revenues customers

The number of outstanding revenues customers in the document imaging system had increased from quarter 1 to quarter 2 in 2017/18. This was largely due to a reduced resource on the council tax administration team during quarter 2 whilst recruitment was taking place. By the end of October 2017, these figures had reduced to 137 for Lincoln and 75 for North Kesteven.

Progress had been made with implementation of e-forms within the Shared Service and in particular in the council tax administration team. E-move forms and an integrated online direct debit mandate were now in place and operating successfully. Further plans were being developed which it was envisaged would assist the team to become more efficient, enabling quicker turnaround of telephone and email enquiries. The Chair welcomed the progress made with e-forms, which he said was very positive.

Prior year arrears for council tax and business rates

Prior year arrears for council tax and business rates had continued to reduce, demonstrating the focus also being in respect of recovering these monies as well as in-year collections.

Housing benefits overpayments

As at the end of quarter 2 in 2017/18, in-period collection stood at 80.29% for Lincoln and 85.20% for North Kesteven. Compared to the end of quarter 2 in 2016/17 this represented a significant increase in performance of 19.71% and 20.85% respectively.

Despite the increases in in-period overpayments collection, the ongoing issue of rising monies outstanding continued as demonstrated in the table at paragraph 4.17 of the report. This highlighted an overall 63% increase in the amount of housing benefit overpayments outstanding between 31 March 2014 and 30 September 2017. This followed a national trend.

The reasons for outstanding monies included increased data matches with other organisations through various government initiatives, as well as the inability to be able to recover what could be large debts at standard and low rates of recovery.

Benefits performance

Although outstanding assessment work had increased from the end of quarter 1 to the end of quarter 2 in 2017/18, this figure was still lower than at the end of quarter 2 in 2016/17. It was noted, as with the council tax administration team, there had been a reduction in capacity on the team and recruitment was taking place to fill key gaps and reduce the outstanding workload.

In terms of average processing times, with the exception of North Kesteven whose new claims which had improved, these had increased slightly in the last quarter as a result of the team's current capacity issues. It was anticipated that this would improve as the resources were allocated accordingly.

The City of Lincoln's cumulative new claims average processing performance of 23.24 days at the end of quarter 2 was almost seven days quicker than at the same point last year. As at the end of October 2017, Lincoln's new claims processing time was 23.46 days, with North Kesteven's being 19.36 days.

22. Non-Domestic Rate Update

Reason for Report

To provide members with an update on current issues in relation to non-domestic rates.

Decision

That the report be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

It was noted that the previous report to this committee provided updates on the following aspects of non-domestic rates:

- business rate pilot;
- spring budget;
- discretionary relief policy;
- Local Government Finance Bill 2017.

Updates on the following schemes were noted in response to the spring budget in 2017:

Business rate pilot – 100% business rates retention in 2018/19

The pilot was currently expected to run for one year only, with the key requirements being to promote financial sustainability and coherent decision making across functional economic areas and use some of the additional retained income invested to encourage further growth. The pilot would operate in a similar way to the existing 50% business rate retention system and pooling arrangements, but with the following key differences:

- the pilot would operate with a zero levy, therefore retaining locally a greater proportion of any business rates growth;
- the safety net would be at pilot level, but would be set at 97% of baseline rather than the current 92.5% for individual councils/business rate pools;
- councils would forgo Rural Services Grant with revised tariffs and top ups being cancelled;
- it had been proposed that any gains were split on the same basis as the existing business rates pool.

A large proportion of local authorities had expressed an interest in the pilot, so it was likely that the process would become competitive. A decision was expected in December as to which bids had been successful, including the Lincolnshire authorities' bid following confirmation that it had been received.

Supporting small business relief scheme

Billing authorities were expected to use their discretionary powers under Section 47 of the Local Government Finance Act 1988 to grant this relief through a Section 31 grant from Government. The number of hereditaments that had been identified and had benefited from the scheme at 1 April 2017 for each of the three authorities was as follows:

- City of Lincoln – 6 out of 7 identified had responded with the total award being £6,060;
- North Kesteven – 20 out of 24 identified had responded with the total award being £26,821;
- West Lindsey – 10 out of 25 identified had responded with the total award being £11,517.

Support for pubs scheme

Officers had identified those ratepayers that may be entitled to relief and sent them application forms. By completing the application form, ratepayers could declare whether any relief awarded would not exceed the state aid limit. The number of application forms returned at 1 November 2017 were as follows:

- City of Lincoln – 25 out of 70 identified had responded with a total award of £25,000;
- North Kesteven – 35 out of 41 identified had responded with a total award of £32,906;
- West Lindsey – 37 out of 60 identified had responded with a total award of £28,957.

Discretionary relief scheme

As with the support for pubs scheme. officers had identified those ratepayers that may be entitled to relief and sent them application forms in order that they could declared whether any relief awarded would not exceed the state aid limit. The number of applications returned as at 1 November 2017 were as follows:

- City of Lincoln – 114 out of 675 identified had responded with a total award of £31,639;
- North Kesteven – 69 out of 540 identified had responded with a total award of £23,025.

It was noted that reminder forms would be sent to those who had not yet returned their forms.

West Lindsey had not been included in the above breakdown as, at the time of writing the report, the discretionary relief scheme had not gone through West Lindsey District Council's democratic decision-making processes.

Autumn Statement 2017

The Head of Shared Revenues and Benefits provided a brief overview of the Chancellor's Autumn Statement 2017. The following items relevant to the Shared Service were included in the Statement:

- the pricing index for business rates would switch from the Retail Price Index to the Consumer Price Index with the difference being reimbursed through Government's funding but there would be a future impact;
- legislation was to be put in place to address 'staircase tax' for those commercial premises that shared a building;
- a £1,000 discount for public houses per year would continue;
- the pilot schemes for 100% non-domestic rate retention was referred to in the statement. Successful bids from London Authorities had already been announced.

Officers were currently awaiting further detail from Government on the announcements made as part of the Autumn Statement.

23. Non Domestic Rates - Invest to Save Update

Purpose of Report

To provide members with an update on the non-domestic rate project being undertaken by the Revenues and Benefits Shared Service.

Decision

- (1) That the report be noted.
- (2) That the Joint Committee supports plans to continue 'invest to save' work in relation to the areas outlined in this report for 2018/18, including reallocation of resource to undertake this work.

Alternation Options Considered and Rejected

None.

Reason for Decision

As agreed at the previous meeting of the joint committee, a decision had been taken to extend the Invest to Save position up to 31 March 2018.

Work had commenced to identify missing and undervalued properties in the system. A decision had been taken to start with West Lindsey in view of potential process improvements that had been identified with regard to consideration of planning applications. It was noted that the non-domestic rates practitioner

appointed to lead this piece of work would devote two months to each of the three authorities.

The results, at the time of writing the report, for each authority was set out in the table at paragraph 6.1 of the report. As a result of this work:

- the West Lindsey Rateable Value for 2010 had increased by 587,565 and for 2017 by 874,155. For 2017/18, based on the multiplier of 0.466 this was an additional £407,356 of business rates income;
- the North Kesteven Rateable Value for 2010 had increased from the starting position by 474,575 and for 2017 by 603,925. For 2017/18, based on the multiplier of 0.466 this was an additional £281,429 of business rates income;
- the City of Lincoln Rateable Value for 2010 had increased by 121,018 and for 2017 by 143,318. For 2017/18, based on the multiplier of 0.466 this was an additional £66,786 of business rates income.

This represented a total additional income of £755,572 created by the Shared Service.

In terms of empty homes, the City of Lincoln Council and North Kesteven District Council maximised the discretion to levy an empty homes premium of 50% on council tax payable in respect of dwellings that had been left empty and unfurnished for two years or more. The Government had recently permitted local authorities to increase the levy to 100% for empty homes but at this stage consideration had not been given as to whether such an increase should be introduced or how the Government would allow for this to be facilitated. Members noted that there would be consequences to any increase to this levy, which was already the subject of numerous complaints. They also agreed that there would not be much time to take such a decision to ensure that any change could be incorporated within the respective authority's Council Tax Support Scheme and implemented in time for inclusion in annual billing.

It was noted that the City of Lincoln Council and North Kesteven District Council worked in partnership with Boston Borough Council, East Lindsey District Council, South Holland District Council and West Lindsey District Council as part of the Empty Homes Project. This project aimed to return homes that had been vacant for six months or longer back into viable use. The Invest to Save Officer would work closely with the Empty Homes Officer to review empty properties within the City of Lincoln and North Kesteven with a premium on the account. This would ensure that records were up to date but also offer the support available to those viable for the Empty Homes project. An update report on this piece of work would be presented to the next meeting of the joint committee.

With regard to single person discount, there were approximately 30,687 domestic properties in Lincoln and 16,096 in North Kesteven who currently received single person discount. It had been agreed that an outsourced managed service review of this scheme would be undertaken on a bi-annual basis, with the next review being undertaken during quarter 1 and quarter 2 of 2018/19. The tendering process for the procurement of this piece of work was scheduled to take place in December 2017. It was noted that both Councils also took part in the National Fraud Initiative, which compared council tax records with the electoral register.

In order to ensure correct entitlement to single person discount during a non-review year, the Invest to Save Officer would issue a review form to single person

discount recipients requesting that they confirm there were no changes to their particular circumstances. Reminder forms would also be sent in cases on non-returns. The outcomes of the cases reviewed would be monitored and an update report presented to the next meeting of the joint committee.

It was reported that the current post holder of the Invest to Save position would shortly be leaving the authority but that the work undertaken to date, together with the results achieved, provided a good business case to explore other opportunities moving forward.

24. Housing Benefit Overpayments Update

Purpose of Report

To provide the Joint Committee with an update on the recovery of housing benefit overpayments, as agreed on 5 September 2017.

Decision

- (1) That the report be noted.
- (2) That plans to continue with the Housing Benefit Overpayment Action Plan in relation to the areas outlined in this report for 2018/19, including reallocation of resources to undertake this work, be supported.

Alternative Options Considered and Rejected

None.

Reason for Decision

Appendix 1 to the report showed the outstanding housing benefit overpayments by status for both council and private tenants. It was noted that housing benefit overpayments could occur for a variety of reasons, including the following:

- customers not promptly notifying of a change of circumstances affecting their entitlement to housing benefit;
- delays in reassessment of housing benefit once a change had been reported to the Benefits Officer;
- fraudulently-claimed housing benefit;
- errors made in assessment of housing benefit by the local authority;
- errors made by the Department for Work and Pensions and Her Majesty Revenues and Customs in one of the benefit or incomes used in the assessment of housing benefit entitlement.

Due to the nature of the relatively large amounts of housing benefit being paid over an extended period, individual overpayments could be sizeable and for some debts could take many years to recover at standard weekly rate deductions from ongoing housing benefit entitlement and Department for Work and Pensions benefits.

As at the end of October 2017, the value of outstanding overpayments for the City of Lincoln and North Kesteven were £4,135,753 and £1,868,246 respectively. The recovery of overpayments could be at different stages and they were usually broken down into 'live housing benefit claims' or 'sundry debtors'. To

provide a context in relation to these figures, as per the mid-year estimate for 2017/18, the total estimated housing benefit to be paid by the City of Lincoln Council and North Kesteven District Council was £31,190,713 and £17,101,374 respectively. Less than 3% of these figures were subject to overpaid housing benefit.

Benefits Officers undertook specific actions with regards to the recovery of overpayment, with an explanation of the subsidy arrangements set out in paragraphs 4.5 and 4.6 of the report. The most effective methods of recovery included:

- reduce or offset the overpayment from arrears of housing benefit that become available;
- deduction from ongoing housing benefit;
- transferring the rent account where the customer is a council tenant.

It was noted that, with the introduction of Universal Credit, there would not be as much opportunity as there currently was to recover overpayments through housing benefit. In terms of priority recoverable debts, the status of housing benefit overpayments was in the process of being confirmed but it was likely that these would be classified between fourteenth and sixteenth in line. It was therefore key for authorities to tackle this legacy debt urgently.

The Chair acknowledged the significant workload associated with housing benefit overpayments and, referring to paragraph 8.1 of the report, asked whether increasing resources by one full time equivalent would be sufficient. It was noted that this represented a realistic proposal, taking into account the need to continue with the processing of other day-to-day benefits work alongside addressing overpayments.

The Joint Committee recognised that the Shared Service's statistics in relation to housing benefit overpayments represented a national trend and was not a local issue. Details relating to the Shared Service's Housing Benefit Overpayment Action Plan 2018/19 were set out in paragraph 8.1 of the report with updates scheduled to be submitted to the next meeting of the Joint Committee.

25. Welfare Reform Update

Purpose of Report

To update the Joint Committee on Universal Credit and progress with the Shared Service's Welfare Reform Strategy Action Plan.

Decision

- (1) That the update provided in relation to Universal Credit be noted.
- (2) That progress with the Welfare Reform Strategy Action Plan and Universal Preparation Plans be noted.
- (3) That an update report be submitted to the next meeting of the Joint Committee.

Alternatives Considered and Rejected

None.

Reason for Decision

Universal Credit in Lincoln and North Kesteven had been under the 'Live' Universal Credit scheme since 30 November 2015 and take up within the areas was still relatively low, mainly due to the specific client group identified for this first phase. It was noted that a recent announcement by the Department for Work and Pensions had set out a revised rollout schedule running to 2020 rather than 2021, with Lincoln Jobcentre moving to 'Full Service' Universal Credit from 7 March 2018 and Sleaford Jobcentre now moving to 'Full Service' in November 2018. The differences between 'Live' and 'Full Service' were outlined in paragraph 3.6 of the report.

The table in paragraph 3.2 of the report identified the number of customers for each authority since the 'Live' began on 30 November 2015 for each month. Work had commenced to determine how many of these customers had housing costs and were Council tenants, which would form part of the Universal Credit preparation plan detailed at Appendix 2 of the report.

The Joint Committee received an explanation as to the transition between the 'Full Service' Universal Credit system, which meant reverting to the housing benefit system for a period of four months prior to the commencement of the 'Full Service' system. Members acknowledged the complications this would have for customers as well as staff and it was noted that implantation of the 'Full Service' system would impact the wider service and not solely the Benefits Team.

Details relating to Welfare Reform from April 2017 were set out in the report and included the following key areas:

- restrictions on amounts for children and qualifying young persons;
- under-occupation (spare room subsidy);
- employment support allowance – removal of work-related activity group;
- bereavement support payment;
- 30 hours free childcare;
- Welfare Reform Strategy Action Plan.

It was reported that a member briefing on Welfare Reform would be held at the City Lincoln Council on 17 January 2018, with a date for a similar briefing for North Kesteven District Council to be confirmed in due course.

The Head of Shared Revenues and Benefits provided an update on the key aspects of the Autumn Statement relevant to welfare reform and Universal Credit, further to which the following points were noted:

- it would be easier for people to gain an advance for their Universal Credit payments;
- people would be paid for the first seven days, meaning that people would no longer be required to wait for their payment to be effective. This would increase the cost of the scheme;
- in commencing a Universal Credit new claim, a person's housing benefit would continue to be paid for the first two weeks. It was hoped that this

- would be reflected in the grant funding received by each respective authority;
- it would be easier for Universal Credit payments to be made direct to landlords.

The Head of the Shared Service added, by way of reassurance, that officers at both the City of Lincoln Council and North Kesteven District Council worked very closely with colleagues at the Job Centre, with co-location at City Hall being a very important part of this. Information was being shared on an almost daily basis and the relationship between the authorities and the Jobcentre was very positive. It was noted that the Universal Credit system may look very different by the time rollout for Sleaford Jobcentre commenced in November 2018.

A question was asked as to whether a change in housing benefit for rented properties not adhering to certain energy efficiency ratings would impact people living in mobile homes. The Head of the Shared Service agreed to investigate this matter.

Members asked whether any feedback had been received from South Kesteven District Council, whose Grantham based Job Centre had commenced 'Full Service' Universal Credit on 18 October 2017. Feedback to date had been that the Council had received lots more cases than it had anticipated.

26. Business Plan 2018/19

Purpose of Report

To provide the Joint Committee with an opportunity to consider the Revenues and Benefits Shared Service Business Plan for 2018/19.

Decision

That the Revenues and Benefits Shared Service Business Plan for 2018/19 be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

A copy of the Shared Service Business Plan for 2018/19 was appended to the report, with key features of the document including:

- key achievements in 2017/18;
- savings in 2017/18;
- key activities for 2018/19;
- strategic priority schemes for 2018/19;
- Towards Financial Sustainability Programme projects 2017/18;
- key risks;
- safeguarding;
- equality actions;
- working in neighbourhoods;
- workforce development;

- social value;
- data protection and information governance.

It was noted that the shared service proactively sought partnership working opportunities and new areas of work which fit within the service's wider remit. These would be further explored throughout 2018/19.