

<b>SUBJECT:</b>	<b>NON-DOMESTIC RATES: INVEST TO SAVE UPDATE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>CLAIRE MOSES, REVENUES AND BENEFITS MANAGER (SHARED SERVICE)</b>

## **1. Purpose of Report**

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

## **2. Executive Summary**

- 2.1 This report provides an update, as at 31 October 2017 on the Invest to Save project which commenced in August 2016 and was extended in September 2017 to March 2018.

## **3. Background**

- 3.1 In August 2016, the Head of Revenues and Benefits for the shared service secured funding of £10k from the Lincolnshire Counter Fraud Partnership (LCFP) in relation to an NDR / Council Tax Support project.
- 3.2 The aim was to maximize the NDR base across the three districts for which the shared service is responsible (City of Lincoln Council, North Kesteven District Council and West Lindsey District Council). LCFP would also consider sharing any intelligence / data with Lincolnshire County Council.
- 3.3 Work was undertaken to identify missing and undervalued properties, which enabled the officer to agree an approach to the work which was used for each of the 3 Districts with the results of the work being monitored on a monthly basis. This information is shown in paragraphs 4 to 6 of the report.
- 3.4 On 5 September 2017, this committee agreed to extend the Invest to Save position to 31 March 2018. Agreement was sought for the post holder to continue to undertake maximisation of the Business Rates base, along with two additional pieces of work. These are detailed as follows: -
- Review of long-term empty properties – to review those properties which will attract a 150% premium or already being charged this rate; and
  - Review of Single Person Discount awards for those in receipt of Council Tax Support.

Further information relating to these two additional pieces of work are detailed in paragraphs 7 and 8 respectively.

#### **4. Non-Domestic Rates – Identification of Missing / Undervalued Properties**

4.1 Having appointed an experienced NDR practitioner to undertake the work, the officer began by looking to identify missing / undervalued properties. The work involved:-

- Referral to the following websites: -
  - Local authorities (planning applications);
  - Guest houses (bed and breakfast and self-catering accommodation);
  - Ofcom (for phone masts);
  - Traffic Master (for traffic master sites);
  - Outdoor venture sites (paintball, motor cross etc) and
  - Food Standards Agency (road side cafes etc).
  
- Reference to ATM finder (ATM's);
- Scanning google maps (for kennels / catteries and advertising rights);
- Researching local bus maps (advertising rights on bus shelters);
- Identifying new developments (show houses);
- Scouring local newspapers;
- Looking for Amazon and IPost collection point;
- Liaison with planning sections; and
- Speaking to practitioners undertaking similar work for other local authorities.

#### **5. Non-Domestic Rates – Approach**

5.1 A decision was taken to start with West Lindsey District Council in view of potential process improvements that had been identified with regard to consideration of planning applications. The officer would devote two months to each of the three authorities.

5.2 The full Valuation Office (VO) list is downloaded each month in order it can be cross referenced with properties the officer considered may be missing or undervalued.

5.3 A spreadsheet is updated to track all action being taken for potential missing / undervalued properties. Once identified, the officer report the details through to the VO together with any supporting information. Where necessary, the outside officer will inspect in the first instance.

#### **6. Non-Domestic Rates – Results**

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

### West Lindsey District Council

Date work started	No. properties identified for VO	No. inspections	No. properties referred back from the VO as 'no action'	No. properties brought into the local rating list by the VO	2010 rating list increase	2017 rating list increase
31 October 2017	135	195	98	121	587,565	874,155
31 July 2017	127	195	71	82	295,062	403,377
1 Sept 2016	125	192	55	52	167,997	237,202

As a result of this work, the West Lindsey Rateable Value (RV) for 2010 has increased by 587,565 and for 2017 by 874,155. For 2017/18, based on the multiplier of 0.466 this is an additional £407,356 of Business Rates income.

### North Kesteven District Council

Date work started	No. properties identified for VO	No. inspections	No. properties referred back from the VO as 'no action'	No. properties brought into the local rating list by the VO	2010 rating list increase	2017 rating list increase
25 October 2017	125	109	100	64	474,575	603,925
31 July 2017	122	109	95	28	433,410	549,600
1 November 2016	122	109	60	28	266,780	342,670

As a result of this work, the North Kesteven RV for 2010 has 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 is an additional £281,429 of Business Rates income.

## City of Lincoln Council

Date work started	No. properties identified for VO	No. inspections	No. properties referred back from the VO as 'no action'	No. properties brought into the local rating list by the VO	2010 rating list increase	2017 rating list increase
31 October 2017	41	98	33	50	121,018	145,318
31 July 2017	40	98	27	47	119,018	143,318
9 January 2017	40	98	6	27	19,418	31,568

As a result of this work, the City of Lincoln RV for 2010 has increased by 121,018 and for 2017 by 143,318. For 2017/18, based on the multiplier of 0.466 this is an additional £66,786 of Business Rates income.

6.2 This is a total additional income of £755,571 created by the Shared Service. Based on last year's collection rates, total additional income would be £741,934 and this is broken down for each authority as follows: -

- City of Lincoln = 99.43% collection = £66,405
- North Kesteven District Council = 99.14% collection = £279,009
- West Lindsey District Council = 97.34% collection = £396,520

6.3 At the same meeting of this committee on 5 September 2017, Officers advise of a the Institute for Revenues, Rating and Valuation new advisory service - BREACH (Business Rates Evasion & Avoidance Checker) – which was designed solely for billing authorities to validate NDR exemptions and deal with avoidance and evasion.

The Invest to Save Officer has started to use this product and a full outcomes report will be provided to this committee on 27 February 2018.

## **7. Empty Homes Review**

7.1 From April 2013, City of Lincoln and North Kesteven District Council have maximised the discretion to levy an empty homes premium of 50% on council tax payable in respect of dwellings that have been left empty and unfurnished for two years or more. The option of introducing a premium aims to reduce the number of empty properties in the area and minimise the likelihood that properties become long-term empties.

There are currently 118 properties in City of Lincoln and 120 properties in North Kesteven which are currently charged 150% premium.

After two years of remaining empty, properties may start to deteriorate and impact negatively on neighbourhoods.

- 7.2 The New Homes Bonus (NHB) grant is paid by central government to local councils for increasing the number of homes and their use. The NHB grant is paid every year and is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back in to use.
- 7.3 City of Lincoln and North Kesteven District Council work 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. The Empty Homes Project aims to return homes that have been vacant for six-months or longer back to viable use.
- 7.4 The Invest to Save Officer will work closely with the Empty Homes Officer to review empty properties within City of Lincoln and North Kesteven with a premium on the account. This will be a dual purpose – to ensure records are up to date and to offer the support available to those viable for the Empty Homes project.
- 7.5 The Invest to Save Officer will monitor the outcomes of the cases reviewed and an update report will be brought back to this committee on 27 February 2018.

## **8. Single Person Discount (SPD) Review**

- 8.1 There are approximately 30,687 domestic properties in City of Lincoln (16,096) and North Kesteven (14,591) which currently receive SPD.
- 8.2 In previous years, both City of Lincoln and North Kesteven District Council, along with the remaining 5 Districts within Lincolnshire (Boston, East Lindsey, South Holland, South Kesteven and West Lindsey) have outsourced their SPD reviews to a third party provider, who have access to much more data matching information than District Councils do.

Lincolnshire Finance Officers have agreed for an outsourced managed service review to be undertaken bi-annually, with the next review being undertaken during Quarter 1 and 2 of 2018/19.

The review will require a procurement exercise to be undertaken with a tender process starting in December 2017. This will be led by the Revenues and Benefits Shared Service Manager, along with the Revenues Manager for West Lindsey District Council.

Both Councils also take part in the National Fraud Initiative, which compared Council Tax records with the Electoral Roll.

- 8.3 It is accepted that a managed service review will result in a high volume of SPD cases being reviewed, with minimal impact to Council staffing resource. However, it is important the tax base remains stable and reviews are undertaken during the non-review year.
- 8.4 In order to ensure correct entitlement to SPD during a non-review year, the Invest to Save Officer will issue a review form to SPD recipients requesting that they confirm that there are no changes in circumstances and that the discount is still applicable. Once the review is returned, if there is no change reported, the Invest to Save Officer will update the record and the discount will continue. In

circumstances where a change is notified, the record will be amended and the appropriate bill will be issued.

The Invest to Save Officer will utilise the resources available, and will use Experian Data matches to check records when responses are received.

- 8.4 It is expected that not all review forms will be returned, and the Invest to Save Officer will be required to issue reminder letters to the customer. If a reminder letter is issued, the customer will be advised that if they do not respond, their SPD will be removed from the date of the reminder letter and their Council Tax account will be recalculated.

In doing this, it is expected that this will prompt the customer to contact the Invest to Save Officer to ensure removal action is not undertaken.

- 8.5 The Invest to Save Office will concentrate on those customers in receipt of SPD and have a live claim for Council Tax Support (CTS). The reason for this is because the CTS caseload was not included within the managed service review which was undertaken in 2016. In doing this, any changes in circumstance will not only ensure the tax base is accurate with the removal of SPD, but will also ensure the CTS award is accurate.

- 8.6 The Invest to Save Officer will monitor the outcomes of the cases reviewed and an update report will be brought back to this committee on 27 February 2018.

## **9. Strategic Priorities**

- 9.1 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: "Our Community and Our Economy".

- 9.2 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.

## **10. Organisational Impacts**

- 10.1 Finance: There is a positive financial implications arising from this report in relation to the increase in Rateable Value and the Non-Domestic Rates base. A budget bid will be undertaken as part of 2018/19 budget setting for this role to be funded through additional income raised from Business rates and Council Tax.

- 10.2 Legal Implications including Procurement Rules: There are no direct Legal implication, however, a Procurement exercise and full tender will need to be

undertaken in relation to the Single Person Discount review.

- 10.3 Land, Property and Accommodation: There are no direct implications arising from this report.
- 10.4 Human Resources: There are no direct implications arising from this report.
- 10.5 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.
- 10.6 Significant Community Impact: There is no change in policy / strategy or the way the service is being delivered.
- 10.7 Corporate Health and Safety implications: There are no corporate Health and Safety implications.

## **11. Risk Implications**

- 11.1 A Risk Register is in place for the Revenues and Benefits Shared Service and is monitored by the Shared Service Senior Management team.

## **12. Recommendation**

- 12.1 Members are asked to note this update.
- 12.2 Support plans to continue 'Invest to Save' work in relation to the areas outlined in this report, for 2018/19, including re-allocation of resource to undertake this work.

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

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

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

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

**List of Background Papers:** None

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