

SUBJECT:	REVENUES AND BENEFITS PERFORMANCE UPDATE
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	CLAIRE MOSES, REVENUES AND BENEFITS MANAGER (SHARED SERVICE)

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 information for City of Lincoln Council, up to the end of Quarter 1 2018/19.

3. Background

- 3.1 Our Revenues and Benefits function is administered as part of a shared service with North Kesteven District Council, with City of Lincoln Council being the host authority for the shared service.
- 3.2 Performance for both City of Lincoln and North Kesteven is monitored by the Revenues and Benefits Joint Committee on a quarterly basis – the next report is to be presented to the Joint Committee in September 2018.
- 3.3 This report focuses on the performance for City of Lincoln.

4. Revenues Performance

4.1 Council Tax

- 4.2 As at the end of Quarter 1 2018/19, in-year collection for City of Lincoln Council is 0.09% higher than as at the same point in the previous financial year.
- 4.3 The annual in-year collections for Council Tax, since the shared service formed (1st June 2011), are shown in the table below:

End Q1 2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
27.09%	97.17%	97.09%	97.12%	96.93%	96.56%	96.32%	96.80%

With an increased collection rate of 97.17%, it should be noted that the total net receipt has also increased from 2017/18 by £1.9m.

The table below shows how 'Net collectable debit' and 'Total net receipt' compared for each local authority, between 2017/18 and 2016/17:

	Collection %	Net collectable debit (£)
2017-18	97.17	39,199,219
2016-17	97.09	37,223,239
Difference	+0.08%	+1,975,980

Officers consider these to be extremely positive outturns given the ongoing welfare reforms, the general economic climate and taking into account 2017/18 is the first year to see a change in the Council Tax Support Scheme, which has resulted in a reduction in the level of Council Tax Support paid out for some residents.

Officers have undertaken comparisons of collection rate to deprivation statistics and rankings. There is a strong correlation between the two sets of figures and it is possible to set a line of best fit using an exponential function. This suggests that City of Lincoln are collecting 1.6% more Council Tax in per year than could reasonably be expected and gives a ranking outcome of 20th.

When comparing collection rates nationally, City of Lincoln's collection rate is ranked 204th out of 326 billing authorities.

4.4 Business Rates

4.5 Compared to the same point in 2017/18, as at the end of Quarter 1 2018/19 in-year Business Rates collection is up by 0.03%. This performance is encouraging and with the increased financial risks to the local authority due to the Business Rates retention scheme introduced from April 2013 – and a 'full retention scheme' proposed by 2020, this means that effective collection in this area as well as a new duty of trying to 'predict' changes in Rateable Values and growth are of paramount importance.

4.6 The table below shows in-year collections for Business Rates, from 2011/12 to 2017/18:

End Q1 2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
35.86%	98.87%	99.43%	99.78%	99.46%	99.31%	99.08%	99.20%

4.7 Although City of Lincoln's in-year collection rate decreased, this was mainly due to some large rateable value schedules coming back from the Valuation Office Agency in March 2018 which were input by officers increasing the debit due considerably – without a realistic expectation of payment coming in during the current financial year (i.e. 2017/18).

This had an impact on the total net receipt, which also decreased from 2016/17 by £290k

The table below shows how 'Net collectable debit' and 'Total net receipt' compared for each local authority, between 2017/18 and 2016/17

	Collection %	Net collectable debit (£)
2017-18	98.87	43,813,019
2016-17	99.43	44,103,355
Difference	-0.56%	-290,336

When comparing collection rates nationally, City of Lincoln's collection rate is ranked 108th out of 326 billing authorities.

4.8 Outstanding Revenues Customers

4.9 The table below shows the number of outstanding Revenues correspondence in our Document Management System, at the end of each of the last five financial years, as well as the position at the end of Quarter 1 2017/18.

End Q1 2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
659	121	296	448	1,025	683	939	1,713

4.10 The number of outstanding Revenues Customers as the end of quarter 1 2018/19 shows an increase since 31 March 2018. This is due to the reduced numbers of staffing (unforeseen circumstances) within the team during this quarter. The position will be improved in-year due to the resolution of the staffing issues and 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 continue to implement and improve processes to channel shift customer contact, internal contact and adopt 'lean' principles. These have included online e-forms for 'reporting a move' and reporting changes for student accommodation. The e-forms are populated by the customer with their information, and this is integrated into the back-office system. This removed the re-keying of information by the officer – it is simply reviewed, and the change in occupier / account / property information is processed and an updated bill is generated.

However, figures are similar to quarter 1 in 2017/18 with 503 customers outstanding.

4.11 Housing Benefit Overpayments

4.12 The table below shows in-period collection rates as a percentage of the debt raised over the last six financial years (2011/12 is not shown, due to the changeover to the Northgate ICT system for Lincoln during that financial year and a number of conversion exercises that had to be undertaken relating to Housing Benefit Overpayments).

4.13 As at the end of Quarter 1 2018/19, in-period collection stood at 107.66% - an increase on the 2017/18 year outturn position of 81.81%. Effective collection and recovery arrangements are in place with a wide range of techniques being utilised. Officers have implemented a Housing Benefit Overpayment Recovery action plan, which was implemented from 18 June 2018 and has already produced significantly positive results.

Key information is broken down as follows and shows the position as at 1 July 2018: -

	Outcome	Comments
✓	Total value of outstanding overpayments has decreased by £58,211	Total overpayments at 31 May 2018 were £4,180,532 – this has now reduced to £4,122,320
✓	Number of overpayments at *clawback stage have increased from 1,664 to 1,715	Staff training has been positive – staff are setting clawbacks at first point of contact with customers
✓	Value of overpayments at clawback stage have decreased by £63,086	Staff training has been positive - clawback values are higher, with staff undertaken income and expenditure assessments to ascertain appropriate level
✓	Number of overpayments at sundry debtors (invoice) less than 4 months old has decreased by 57	Successful introduction of cut-off of 4 months – anything older than this will go to the HB Overpayment recovery team for action. Workload adjusted for member of staff undertaking this work – to ensure they can concentrate on these debts, and these debts only.
✓	Value of overpayments at sundry debtor stage has decreased by £47,203	As above
x	Number of overpayments at sundry debtor over 4 months old has increased by 61	The 4 month cut-off has resulted in more debts coming across to the HBOP team. Within these debts, also includes: - ✓ The debt recovery service action whereby, 247 cases have been successfully identified for attachment of earnings. As a result of this, once in place, the level of recovery will be much higher than the local authority could have recovered. ✓ Old system (Civica) overpayments are being reviewed
x	Value of overpayments at this stage has increased by £52,088	As above Once the attachment of earnings starts, this figure will be expected to reduce.

*Clawback is where an overpayment can be recovered by reducing ongoing Housing Benefit entitlement

- 4.14 It is important to note, that whilst the value of overpayments outstanding is decreasing, staff are still creating overpayments – through delays in changes in circumstances being processed – these delays can be caused by customers, the Department for Work and Pensions (DWP) or by ourselves.

The table below shows the level of outstanding debt as at end of quarter 1 2018/19 and previous year outturn.

Date	End Quarter 1 2018/19	End Year 2017/18	End Year 2016/17	End Year 2015/16	End Year 2014/15
Outstanding Housing Benefit overpayments (£)	£4,163,619	£4,219,349	£4,081,552	£3,510,797	£3,186,971

The vast majority of these overpayments are under arrangement – but due to the amounts involved frequently take extended periods to be repaid to the Councils. Also, most overpayments are out of the local authorities’ direct control, being due to delays in changes in circumstances being reported by customers. Officers will maintain dedicated resource in this area, and will continue to report on performance to Revenues and Benefits Joint Committee on a quarterly basis through overall performance reports.

5. Benefits Performance

5.1 Outstanding Benefits Customers

- 5.2 The table below demonstrates the outstanding Benefits work at the end of each of the last five financial years, also with the position at the end of Quarter 1 2018/19.

End Q1 2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
1,312	696	555	1,064	1,267	2,396	2,004	2,401

The rollout of Universal Credit Full Service has had a significant impact on the processing performance, with the section receiving 5,585 Universal Credit documents since 1 April 2018. Each of these documents require assessment – with benefits officers having to review the document and make a decision as to the assessment required. As a result, there has been a significant increase in incoming documents, which has resulted in customers outstanding almost doubling within a number of weeks.

As a result, overtime has been offered to staff to improve the processing position. This is being undertaken over 4 weeks starting on 28th July 2018 and it is expected the

outstanding number of customers will reduce, with plans to ensure figures are maintained throughout quarter 2 and beyond.

5.3 Average Processing Times

5.4 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		2017/18	2016/17	2015/16	2014/15	2013/14
City of Lincoln	New Claims	30.13	29.44	25.45	26.14	28.33
	Changes	4.72	4.49	5.40	5.07	6.97

5.5 These figures for change of circumstances are positive and competitive against the national position – the most recent data available (from Department for Work and Pensions) at the time of writing this report, relates to Quarter 3 2017/18 – with the average for new claims being 22 days, and for changes of circumstance 9 days.

However, new claims have increased City of Lincoln and this is due to a significant increase in workload within the quarter, reprioritisation of change in circumstances and the delay in new claim information from the DWP. In Quarter 1 a total of 13,122 changes were processed, compared to 10,873 in the same Quarter in 2017/18. Of these, 5,582 are Universal Credit changes. The changes are much more complex, and require more time to be taken to ensure accurate processing. The Universal Credit changes are also time limited, whereby a two week ‘grace period’ on any overpayment has been given, therefore, priority is being given to this piece of work. In addition, whilst the number of new claims is reducing, those claims that are being received are for the Universal Credit customers where Housing Benefit is still to be claimed (exempt categories). The housing costs are covered by Housing Benefit. As a result, Local Authorities are having to wait for the Universal Credit decision to be made, which is taking around 6 weeks, before an assessment decision can be taken on the Housing Benefit entitlement. This delay by DWP has contributed to the 6 day increase as shown in the above table.

However, taking the above into account, change of circumstances performance levels have improved when compared to Quarter 1 in 2017/18 – at 5.38 days in 2017/18 compared to 3.80 days in 2018/18.

5.6 Taking the above into account, change of circumstances performance levels have improved when compared to July 2017 which was at 5.38 days compared to 3.80 days in July 2018.

5.7 Financial Accuracy of Processing

5.8 An enormous amount of work has been put into addressing financial accuracy of processing, and the table below demonstrates how performance has improved over the last five financial years.

Financial accuracy of processing	
2011/12	65.00%
2012/13	72.41%
2013/14	76.50%
2014/15	78.99%
2015/16	82.81%
2016/17	91.00%
2017/18	87.50%

A total of 41 claims were checked during quarter 1. Whilst the percentage accuracy has reduced for City of Lincoln, the number of claims being checked is increasing as part of the Quality Checking action plan. In July, a total of 48 claims were checked with 45 of these being correct – this is an accuracy rate of 93.75%.

5.9 As an outcome to the implementation of the Subsidy and Quality Control Policy, the percentage accuracy has reduced for City of Lincoln as the number of claims being checked has increased. There are 10 claims checked per week, with the Subsidy and Quality Control Lead managing the timetable for types of claims to be checked. The reviews are a combination of: -

- Targeted reviews for individual staff members;
- Reviews for recent changes to legislation; and
- Reviews for areas highlighted within the Subsidy claim audit.

5.10 **Benefits – Customer Satisfaction**

5.11 Customer satisfaction reviews have not been undertaken for 2017/18 outturn. Officers are currently reconsidering the approach to the reviews and putting forward options to the management team to ensure the reviews are objectives, with the aim of achieving purposeful results.

Customer satisfaction reviews will resume again from 1 October 2018.

Benefits – Customer Satisfaction	
2011/12	93.58%
2012/13	98.27%
2013/14	99.11%

2014/15	98.33%
2015/16	98.51%
2016/17	99.73%
2017/18	N/A

6. Summary

- 6.1 Despite the ongoing challenges to the Revenues and Benefits Shared Service in terms of frequently-changing legislation, as well as uncertainty over impacts of welfare reforms such as Universal Credit, performance on the whole continues to improve as well as delivering savings to the partner local authorities.

The Revenues and 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 and Partnership Working are all key priorities for the shared service.

7. Strategic Priorities

- 7.1 Let's reduce inequality: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and through providing money/debt advice. A Fair Collection and Debt Recovery Policy is in place.

8. Organisational Impacts

- 8.1 Financial: Prompt and efficient recovery of amounts due to the Council helps to ensure that income receivable is collected in order to finance critical services.
- 8.2 Legal Implications including Procurement Rules: There are no direct legal implications 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. Recommendation

- 10.1 Members note the information as set out in this report.

Key Decision Yes/No

Do the Exempt Information Categories Apply? Yes/No

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

How many appendices does the report contain? None

List of Background Papers: None

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