

SUBJECT:	PERFORMANCE UPDATE
DIRECTORATE:	CHIEF EXECUTIVE
REPORT AUTHOR:	MARTIN WALMSLEY, HEAD OF 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 annual outturns for the financial year 2020/21.

- 2.2 The Revenues and Benefits Shared Service has recently passed its ten-year anniversary of formation, having been in operation since 1st June 2011. Levels of performance has 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 has understandably impacted on some areas of performance, - these impacts are likely to continue for many more months.

3. Background

- 3.1 At the 23rd February 2021 meeting of this Committee, a report was presented detailing Revenues and Benefits performance up to the end of Quarter 2 2020/21.

- 3.2 Performance is reported to this Committee on a quarterly basis.

- 3.3 Performance continues to be impacted by Covid-19 – a separate report on the impacts on Revenues and Benefits is also included on today's Committee Agenda. Officers have continued to proactively respond to Covid-19, including;

- Reduced levels of recovery action being taken in the first half of 2020/21 – the only courts dates for summoned monies have been available (on 16th December 2020 and 21st January 2021);
- Deferrals of Council Tax and Business Rates payments being permitted where applicable and appropriate;
- Processing a significant increase in Housing Benefit and Council Tax Support claims, and Universal Credit related documents;
- Assessment and award of new government reliefs and grants.

Performance is likely to continue being impacted for many more months due to the cumulative effects of Covid-19 on household and business incomes.

4. Revenues Performance

4.1 Council Tax

4.2 For the financial year 2020/21, in-year collection for Lincoln and North Kesteven is down by 1.99% and 1.43% respectively, compared to 2019/20. Due to the financial impacts of Covid-19 on residents' incomes, officers have been allowing deferrals of payments in relevant circumstances, although this means that these deferred monies will still need to be collected – however over an extended period. Therefore, in the current climate, these reduced levels of collection are not unexpected. Whilst every effort is being made to collect monies due, in the current climate this is a real challenge – and, with the latest Covid-19 lockdown 'lifting' being part of a longer-term roadmap, as well as removal of certain national 'protections' being lifted – such as the furlough scheme ending after September 2021 – is unlikely to improve to any significant degree in the immediate future.

4.3 The table below showing how performance has progressed since the shared service formed in June 2011.

Financial Year	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
City of Lincoln	94.78%	96.77%	96.76%	97.17%	97.09%	97.12%	96.93%	96.56%	96.32%	96.80%
North Kesteven	98.03%	98.89%	99.08%	99.20%	99.14%	99.16%	99.25%	99.16%	99.13%	99.40%

4.4 Net collectable debit for 2020/21 (compared to 2019/20) increased by £727,545 for Lincoln and £2,746,516 for North Kesteven.

4.5 Business Rates

4.6 For the financial year 2020/21 in-year collection for Lincoln is up by 0.08%, but down by 2.22% and 0.98% for North Kesteven and West Lindsey, respectively. The Lincoln figure in particular due to the demographic of business types, was somewhat 'skewed' by the new reliefs available this year in light of the new measures announced as part of the government's Covid-19 response, predominantly the Expanded Retail Discount. North Kesteven collection was also significantly impacted by an unforeseeable large rateable value reduction (£1.5 million) from the Valuation Office Agency in March 2021.

4.7 The table below showing how performance has progressed since the shared service formed in June 2011.

Financial Year	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
City of Lincoln	98.97%	98.89%	99.81%	98.87%	99.43%	99.78%	99.46%	99.31%	99.08%	99.20%
North Kesteven	97.21%	99.43%	99.42%	99.89%	99.09%	99.46%	99.78%	99.53%	99.93%	99.70%
West Lindsey	97.90%	98.88%	98.63%	98.53%	97.34%	99.44%	99.17%	99.12%	99.13%	98.90%

4.8

The tables below show key movements in the Business Rates bases over the last year.

2021/21 NDR 1 Figures and comparison – City of Lincoln Council				Key business movements
NNDR Account information as at £	Original Budget NDR 1 for 2020/21 £ <i>These figures include an estimate for growth/decline</i>	Final figures for 2020-21 as at 31 st March 2021 £	NDR3 total (current and prior years) £	<p>For the year 2020-21 the biggest factor affecting the bottom line figure for the Net Rates Payable was the introduction of the Expanded Retail Discount. This was introduced due to the Covid-19 pandemic and provided a full exemption for a number of properties which were used for retail, hospitality and leisure. This was to aid the businesses over the periods where they were mandated to close to visiting members of the public.</p> <p>In addition to these losses, a number of businesses went into insolvency in the retail sector and their properties became empty, resulting in insolvency exemptions on the properties whilst still in the hands of the insolvency practitioner.</p> <p>Landlords also stated that they were struggling to fill empty properties due to the covid pandemic and a lack of appetite for new business.</p> <p>Therefore, even though the NDR1 includes an estimate for the growth in the empty rate relief during the year, the covid pandemic resulted in much higher empty rate relief being applied to the accounts.</p>
Forecast Gross Rates	56,961,775	56,117,583	54,352,953	
Transitional Arrangements	15,101	21,370	241,170	
Mandatory Relief – inc SBRR and charity relief	-8,210,464	-8,066,275	-8,202,029	
Unoccupied Property relief	-1,500,000	-2,345,425	-2,397,665	
Discretionary relief includes charity top up , not for profit and rural rate relief (unfunded)	-169,782	-74,929	-79,215	
S31 Grant Discretionary Relief – this includes the original retail relief scheme at 50%	-927,627	-26,955,397	-27,237,761	
Net Rates Payable	46,169,003	18,696,927	16,677,453	

2021/21 NDR 1 Figures and comparison – North Kesteven District Council				Key business movements
NNDR Account information as at £	Original Budget NDR 1 for 2020/21 £ <i>These figures include an estimate for growth/decline</i>	Final figures for 2020-21 as at 31 st March 2021 £	NDR3 total (current and prior years) £	<p>For the year 2020-21 the biggest factor affecting the bottom line figure for the Net Rates Payable was the introduction of the Expanded Retail Discount. This was introduced due to the Covid-19 pandemic and provided a full exemption for a number of properties which were used for retail, hospitality and leisure. This was to aid the businesses over the periods where they were mandated to close to visiting members of the public.</p>
Forecast Gross Rates	36,932,611	36,714,246	34,975,395	
Transitional Arrangements	-350,686	-334,955	-167,082	
Mandatory Relief – inc SBRR and charity relief	-5,265,646	-5,706,430	-5,881,036	

Unoccupied Property relief	-894,742	-779,922	-694,383	The NDR1 did not include an estimate for growth in the mandatory reliefs, this includes reliefs such as small business rate relief, and Charitable occupation. However, on the announcement of the grants in March 2021, there was an influx of changes to the small businesses that had registered with the Council. A number of these customers were running undeclared businesses from garages, garden summer houses etc or from properties where the landlords had not informed the Revenues Team regarding new tenants and were showing on our systems as empty properties.
Discretionary relief includes charity top up , not for profit and rural rate relief (unfunded)	-259,344	-277,224	-334,207	
S31 Grant Discretionary Relief – this includes the original retail relief scheme at 50%	-381,825	-9,530,606	-9,630,265	
Net Rates Payable	28,800,368	20,082,039	18,268,422	

4.9 Outstanding Revenues Customers

4.10 As at the end of the financial year 2020/21, outstanding Revenues customers stood at a total of 2,111 - 1,309 (split Lincoln 1,650, North Kesteven 461). Although this figure has continued to increase in recent months, this is as a direct result of the first and second Covid-19 national lockdowns ending and house moves increasing resulting in increased enquiries to the Revenues Team. The usual annual billing period during February and March also created significant levels of Council Tax enquiries – largely by telephone and e-mail – limiting resources available to work on outstanding items in the Document Management System. The equivalent figure at the end of the financial year 2019/20 was 526 (split 371 Lincoln, 155 North Kesteven) – so there has been a notable increase in outstanding work. This is being tackled as a matter of urgent priority, and an update will be provided to Joint Committee on 22nd June.

4.11 Housing Benefit Overpayments

4.12 As at the end of the financial year 2020/21, in-year collection rates and outstanding monies are as shown in the table below:

Financial year 2020/21 outturn	City of Lincoln	North Kesteven
In-year collection rate	160.84%	104.40%
Amount collected	£1,025,966	£383,708
Outstanding Housing Benefit overpayments debt	£3,153,505	£1,471,374

4.11 Performance in this area continues to be positive – outstanding debt continues to decrease and in-period collection exceeds 100% for both partner Councils.

5. Benefits Performance

5.1 As at the end of the financial year 2020/21, there were 2,866 Benefits customers outstanding (awaiting assessment) – split Lincoln 2,123, North Kesteven 743. This is significantly above the outstanding figure of 1,966 at the end of 2019/20. This is largely due to the substantial impacts of Covid-19 and the associated increase in Benefits workload – also, the number of Universal Credit (UC) documents requiring processing continues to have a real impact. The level of outstanding work continues to be addressed, - an update will be provided to Joint Committee on 22nd June.

5.2 Despite the increase in claims and outstanding workload, due to efficient and proactive processes in place, Benefit claims were assessed on a timely basis – as shown in the table below.

Financial Year 2020/21	City of Lincoln	North Kesteven
New Claims – average time to process	16.91 days <i>(2019/20 20.60 days)</i>	15.42 days <i>2019/20 19.60 days)</i>
Changes of Circumstance – average time to process	2.88 days <i>2019/20 3.17 days)</i>	2.56 days <i>2019/20 2.83 days)</i>

5.3 The importance in processing Benefits claims accurately remains of paramount importance, – i.e. ‘getting it right, first time’. In 2020/21, City of Lincoln’s ‘right first time’ assessment of cases checked is 93% (547 out of 589) and for North Kesteven 96% (831/868).

It should be noted that these checks are in addition to those carried out through the checks required to be carried out under the requirements of the annual Housing Benefit Subsidy claims.

6. Welfare and Benefits Advice

Financial Year 2020/21	City of Lincoln	North Kesteven
Advice provided enabling weekly value of additional benefits	£19,522	£9,581
Advice provided enabling lump sum award of additional benefits	£311,249	£112,219
No. of customers to whom help provided	5,806	1,024
No. money advice referrals	102	50

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 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 Note the performance information as set out in this report.

10.2 Note that a performance update will be presented at the next meeting of this committee on 9th September 2021.

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 1: Performance Data for the Financial Year 2020/21

List of Background Papers: None

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