

SUBJECT:	PERFORMANCE UPDATE
DIRECTORATE:	CHIEF EXECUTIVE'S
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 Revenues and Benefits performance information in respect of Quarter 1 2021/22.
- 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 have 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 22nd June 2021 meeting of this Committee, a report was presented detailing Revenues and Benefits annual outturn performance for the financial year 2020/21.
- 3.2 Performance is reported to this Committee on a quarterly basis.
- 3.3 Performance continues to be impacted by Covid-19. Officers have continued to proactively respond to Covid-19, including;
- 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 payments (such as Test and Trace Support payments).

Performance is likely to be 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 Up to the end of Quarter 1 2021/22, in-year collection for Lincoln and North Kesteven was down by 0.81% and up by 0.10%, respectively. Due to the financial impacts of Covid-19 on residents' incomes, it is anticipated the recovery of monies will remain a real challenge throughout 2021/22. Net collectable debit for 2021/22 (compared to 2020/21) has increased by £3.5m for Lincoln and £3.1m for North Kesteven.

Description		June 2021	Compared to June 2020
Council Tax Collection	City of Lincoln	25.10%	Down 0.81%
Council Tax Collection	North Kesteven	28.78%	Up by 0.10%
Council Tax Net liability	City of Lincoln	£49,729,969	Up by £3,491,573
Council Tax Net Liability	North Kesteven	£71,792,110	Up by £3,066,606

In terms of the national context, the latest available figures are for annual Council Tax in-year collection outturns 2020/21. City of Lincoln Council's in-year collection was 237th (2019/20 210th) and North Kesteven 35th (2019/20 21st) out of 313 local authorities whose performance was reported. Out of the seven Lincolnshire Districts, for 2020/21, City of Lincoln and North Kesteven achieved 6th and 2nd highest collections, respectively.

- 4.3 As a reflection of economic impacts on Covid-19 on residents' incomes, Council Tax Support caseloads increased sharply in 2020 and have now plateaued somewhat, as shown in the table below. Of course, this may change again as certain national 'protections' such as the furlough scheme ends, and many residents may suffer financial hardship.

	City of Lincoln	North Kesteven
June 2021	8,940	5,701
June 2020	8,991	5,834
June 2019	8,235	5,570

- 4.4 In July 2021, Council Tax Hardship fund monies started to be allocated to Council Tax accounts for the financial year 2021/22 – which will help to mitigate hardship for those eligible, also having a positive impact on in-year collection performance.

4.5 Business Rates

- 4.6 Up to the end of Quarter 1 2021/22, compared to the same point in 2020/21 in-year collection is down for all three local authorities: Lincoln (by 12.21%), North Kesteven (by 5.01%) and West Lindsey (by 3.42%). However, these figures are significantly 'skewed' by the new reliefs available in 2020/21 (namely Expanded Retail Discount - ERD) and into 2021/22 – so comparing 2021/22 to 2020/21, and to 2019/20, is not 'like for like'.

Description		June 2021	Compared to June 2020
Business Rates collection	City of Lincoln	29.10%	Down by 12.21%

Business Rates collection	North Kesteven	38.35%	Down by 5.01%
Business Rates collection	West Lindsey	30.22%	Down by 3.42%
Business Rates Net Liability	Lincoln	£36,828,585	Up by £17,164,067
Business Rates Net Liability	North Kesteven	£26,370,748	Up by £5,639,181
Business Rates Net Liability	West Lindsey	£16,301,795	Up by £4,280,442

4.7 It is important to bear in mind the changes to the ERD – where the 100% relief from 2020/21 is extended for the first three months of 2021/22 then reduces to 66% relief from 1st July 2021 to the end of March 2022. Therefore, businesses who qualify have nothing to pay in the first three months of 2021/22, but for statistics/collection purposes officers are still treating liability as if it were equally distributed across the year.

To put this into some kind of context:

- Lincoln: The collection rate appears to be 12.21% down on last year as it is only 29.10%. However, the remaining instalments from 1st July to the end of the year total £28,487,779 and this equates to £77.35% of the debt - so technically 77.35% of the debt was not due to be paid before 1st July 2021. Therefore, the remaining debt which was due to be paid before 30th June 2021 is 22.65%, - and 29.10% has been collected.
- North Kesteven: The collection rate appears to be 5.01% down on last year as it is only 38.35%. However, the remaining instalments from 1st July to the end of the year total £20,224,496 and this equates to £76.69% of the debt - so technically 76.69% of the debt was not due to be paid before 1st July 2021. Therefore, the remaining debt which was due to be paid before 30th June 2021 is 23.31%, - and 38.35% has been collected.
- West Lindsey: The collection rate appears to be 3.42% down on last year as it is only 30.22%. However, the remaining instalments from 1st July to the end of the year total £12,337,768, and this equates to 75.68% of the debt – so technically 75.68% of the debt was not due to be paid before 1st July 2021, Therefore, the remaining debt which was due to be paid before 30th June 2021 is 24.32%, - and 30.22% has been collected.

	% of liability on instalments April-June	% of liability on instalments July – March	% collected at end of June 2021 as shown above
City of Lincoln	22.65%	77.35%	29.10%
North Kesteven	23.31%	76.69%	38.35%
West Lindsey	24.32%	75.68%	30.22%

In terms of the national context, the latest available figures are for annual Business Rates in-year collection outturns 2020/21. City of Lincoln Council's in-year collection was 7th (2019/20 15th), North Kesteven 46th (2019/20 17th) and West Lindsey 28th (2019/20 74th) out of 313 local authorities whose performance was reported. Out of the seven Lincolnshire Districts, for 2020/21, City of Lincoln, North Kesteven and West Lindsey

achieved 1st, 4th and 2nd highest collections, respectively. As previously reported to this Committee, North Kesteven's 2020/21 in-year collection was significantly impacted by an unforeseeable large rateable value reduction (£1.5 million) from the Valuation Office Agency in March 2021.

4.8 In terms of the Business Rates bases in respect of Lincoln and North Kesteven, the table below show key movements in the first quarter of 2021/22.

2021/21 NDR 1 Figures and comparison – City of Lincoln Council				Key business movements
NNDR Account information as at £	Original Budget NDR 1 for 2021/22 £ <i>These figures include an estimate for growth/decline</i>	2021 only Position at end of June 21 <i>These are the actual figures and no longer include estimate for growth/decline</i>	All years – 2021 and changes to previous years made in the current year Position at end of June 21 (At the end of March 22 – these figures will equate to the NDR3 position)	<p>For the year 2021-22 – Retail Relief was not announced until March 2021. Therefore, there was no allowance for retail relief included in the NDR 1 for 2021 which is produced in January 2021.</p> <p>The retail relief scheme for 2021 is not as generous as the 2020 scheme, as for the customers that meet the criteria the scheme gives them rate relief of 75% over the whole year, and several companies do not qualify due to some capping that was introduced in the 2021 scheme.</p> <p>We are still receiving applications for the retail relief.</p>
Forecast Gross Rates (GRP and SBRR yield)	57,222,633	57,265,478	57,310,675	
Transitional Arrangements	21,043	16,966	14,996	
Mandatory Relief – inc SBRR and charity relief	-9,024,919	-9,015,583	-9,054,619	
Unoccupied Property relief	-2,000,000	-1,979,191	-2,088,751	
Discretionary relief includes charity top up, not for profit and rural rate relief (unfunded) Includes business growth budget	-386,967	-188,244	-191,089	
S31 Grant Discretionary Relief	-6,904	-9,358,844	-9,311,440	
Net Rates Payable	45,324,886	36,740,582	36,679,772	

2021/21 NDR 1 Figures and comparison – North Kesteven District Council				Key business movements
NNDR Account	Original Budget NDR 1	2021 only	All years – 2021 and changes to previous	For the year 2021-22 – Retail Relief was not

information as at £	for 2021/22 £	Position at end of June 21	years made in the current year Position at end of June 21 (At the end of March 22 – these figures will equate to the NDR3 position)	announced until March 2021. Therefore, there was no allowance for retail relief included in the NDR 1 for 2021 which is produced in January 2021. The retail relief scheme for 2021 is not as generous as the 2020 scheme, as for the customers that meet the criteria the scheme gives them rate relief of 75% over the whole year, and several companies do not qualify due to some capping that was introduced in the 2021 scheme. We are still receiving applications for the retail relief.
Forecast Gross Rates (GRP and SBRR yield)	38,080,694	37,982,912	37,992,547	
Transitional Arrangements	-201,936	-252,828	-299,481	
Mandatory Relief – inc SBRR and charity relief	-6,355,666	-6,397,802	-6,460,772	
Unoccupied Property relief	-609,392	-759,651	-790,670	
Discretionary relief includes charity top up, not for profit and rural rate relief (unfunded)	-169,077	-143,923	-144,031	
S31 Grant Discretionary Relief – this includes the original retail relief scheme at 50%	-40,768	-3,919,656	-3,923,876	
Net Rates Payable	30,703,855	26,519,053	26,373,718	

4.9 Outstanding Revenues Customers

4.10 The number of outstanding Revenues Customers at the end of Quarter 1 2021/22 is 3,354 (split Lincoln 2,255, North Kesteven 1,099) – this has continued to increase as has been the trend over the last six months. However, it should be noted that previous reported statistics are not comparable to those now being reported, due to outstanding customer e-mails now also being captured in the Revenues Document Management System, which was not the case before – so these are now also included as outstanding work waiting to be processed. Therefore, the reported figure at the end of Quarter 1 2021/22 effectively becomes the new ‘baseline’.

4.11 Demands on the Revenues Team remain high, in terms of incoming correspondence, telephone calls and e-mails. An action plan is in place to address the level of outstanding work – an update on progress will be provided to Joint Committee on 9th September.

4.12 Housing Benefit Overpayments

4.13 As at the end of Quarter 1 2021/22, in period collection of Housing Benefit overpayments stands at:

- City of Lincoln: 140.88%,
- North Kesteven: 105.05%.

4.14 Outstanding Housing Benefit overpayments debt also continues to decrease overall. As at the end of Quarter 1 2021/22:

- City of Lincoln: £3,048,986,
- North Kesteven: £1,449,690.

5. Benefits Performance

5.1 As at the end of Quarter 1 2021/22, there are 3,375 Benefits customers outstanding (split Lincoln 2,587, North Kesteven 788). This figure has increased overall, from 2,866 at the end of March 2021 (split Lincoln 2,123, North Kesteven 743) – with a significant demand of incoming work, - particularly in relation to (but not exclusively) Universal Credit -related information impaction on Housing Benefit and Council Tax Support claims. At the same time, Benefits Officers are also working on Test and Trace Support Payments and Discretionary Housing Payments – demands for which are also high (there is a separate report on this Committee’s Agenda today covering this in more detail, ‘Welfare Reform Update’).

5.2 Despite the significant demands on the Benefits Team, officers continue to turn around claims and reported changes of circumstance promptly, and accurately. As at the end of Quarter 1 2021/22

End Quarter 1 2021/22	City of Lincoln	North Kesteven
New Claims	16.81 days <i>(End Quarter 1 2020/21 15.89 days)</i>	13.77 days <i>(End Quarter 1 2020/21 15.63 days)</i>
Changes of Circumstance	4.88 days <i>(End Quarter 1 2020/21 4.22 days)</i>	4.29 days <i>(End Quarter 1 2020/21 2.37 days)</i>

The most recent national figures on Housing Benefit processing times were released on 28th July 2021, and are in respect of Quarter 4 2020/21. The key points released were as below, demonstrating the positive nature of Lincoln and North Kesteven Housing Benefit processing times:

- *During quarter 4 2020 to 2021, the average speed of processing for a new HB claim was 19 calendar days, which is two days higher than quarter 4 2019 to 2020. The average speed of processing for a change of circumstance to an existing HB claim during quarter 4 2020 to 2021 was 3 days, which is the same as quarter 4 2019 to 2020;*
- *At the Local Authority (LA) level, for quarter 4 2020 to 2021, LAs had an average speed of processing between 4 and 54 days for new HB claims, and an average speed of processing between 1 and 10 days for change of circumstances to an existing HB claim.*

5.3 In terms of the claims checked that were ‘correct, first time’ (with even £0.01p ‘out’ being classified as an incorrect assessment), at the end of Quarter 1 2021/22:

- City of Lincoln: 95.94% (189 out of 197 checked),
- North Kesteven: 94.04% (221 out of 235 checked).

These checks are in addition to the significant amount of checks also carried out under the audit requirements of the annual Housing Benefit Subsidy claims.

6. Welfare and Benefits Advice

6.1 Providing benefits and money advice continues to be key, with a team of dedicated and knowledgeable officers providing invaluable support to residents of Lincoln. In Quarter 1 2021/22, the team has achieved the following:

Quarter 1 2021/22	City of Lincoln	North Kesteven
Advice provided enabling weekly value of additional benefits	£7,288	£2,154
Advice provided enabling lump sum award of additional benefits	£59,513	£36,002
No. of customers to whom help provided	1,530	283
No. money advice referrals	33	19

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 25th November 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 to end Quarter 1 2021/22

List of Background Papers: None

Lead Officer: Martin Walmsley, Head of Shared Revenues and Benefits
Telephone (01522) 873597