

# Public Document Pack



## JOINT EXECUTIVE REVENUES AND BENEFITS SHARED SERVICE COMMITTEE

**Date: Thursday, 25 June 2020**  
**Time: 6.00pm,**  
**Location: Virtual (via Zoom)**  
**Contact: Lisa Jerome 01438 242203**

Members: Stevenage: Councillors: Mrs J Lloyd, L Briscoe and J Thomas  
(J Hollywell – substitute)

East Herts: Councillors: P Boylan, M Stevenson and G Williamson

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### AGENDA

#### PART 1

1. **APPOINTMENT OF CHAIR**

2. **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

3. **MINUTES - JOINT REVS AND BENS EXECUTIVE COMMITTEE 24 JUNE 2019**

To approve as a correct record the Minutes of the meeting of the Joint Revs and Bens Executive Committee held on 24 June 2019.

Minutes attached

Pages 3 – 8

4. **ANNUAL UPDATE**

To consider a report to updating the Committee on the position in the following areas.

- Performance reporting
- Other challenges
- Budget outturn

Pages 9 – 30

5. **URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

**6. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**7. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

Agenda Published 17 June 2020

MINUTES OF A MEETING OF THE  
EAST HERTS COUNCIL AND STEVENAGE  
BOROUGH COUNCIL JOINT REVENUES AND  
BENEFITS COMMITTEE HELD IN THE ROOM  
27, WALLFIELDS, HERTFORD ON MONDAY  
24 JUNE 2019, AT 6.00 PM

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PRESENT: Councillor Mrs J Lloyd (Chairman)  
Councillors M Stevenson, J Thomas and  
G Williamson.

OFFICERS IN ATTENDANCE:

Clare Fletcher	- Assistant Director of Finance
Sandra Huntingford	- Assistant Revenue Manager
Peter Mannings	- Democratic Services Officer
Theresa Mortimer	- Benefits Manager
Graeme Reid	- Revenues Manager
Su Tarran	- Head of Revenues and Benefits Shared Service

1 APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

It was proposed by Councillor G Williamson and seconded by Councillor M Stevenson that Councillor J Lloyd be appointed Chairman of the East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee for the 2019/20 civic year.

After being put to the meeting and a vote taken, this

motion was declared CARRIED.

It was proposed by Councillor J Lloyd and seconded by Councillor M Stevenson that Councillor G Williamson be appointed Vice-Chairman of the East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee for the 2019/20 civic year.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that Councillors J Lloyd and G Williamson be appointed Chairman and Vice-Chairman respectively of the East Herts Council and Stevenage Borough Council Joint Revenues and Benefits Committee for the 2019/20 civic year.

## 2 APOLOGIES

Apologies for absence were received from Councillors P Boylan and L Briscoe.

## 3 MINUTES - 25 JUNE 2018

It was proposed by Councillor G Williamson and seconded by Councillor J Lloyd that the minutes of the meeting held on 25 June 2018 be confirmed as a correct record and signed by the Chairman.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting

held on 25 June 2018 be confirmed as a correct record and signed by the Chairman.

#### 4 ANNUAL UPDATE

The Head of the Revenues and Benefits Shared Service submitted an annual update report in relation to the following areas:

- Performance reporting
- Other challenges
- Budget outturn

The Head of the Shared Service advised that there had been a 1% reduction in workload. The peak times were January to March and Officers had received 120,000 individual items of correspondence in 2018/19. Members were advised that the level of Housing Benefit claimed in subsidy had reached £63.7m in 2018/19.

The Head of the Shared Service detailed a number of overpayment scenarios and detailed the level of debt in each local Authority area. She stated that debt recovery took place over a long period of time and was a very resource intensive operation. Members were advised that Stevenage Borough Council was recovering more debt than was being created and East Herts Council was nearly there in that respect.

The Head of the Shared Service emphasised that the amount of Discretionary Housing Payments (DHP) grants received each year changed based on the priorities that the DWP considered needed supporting.

There is no restriction on how much of the total grant was spent on each of these priorities.

The Shared Service Manager (Benefits) referred to the increase in cases from October 2018 to March 2019. She stressed that each case was considered on its merits taking into account matters such as children or complex disabilities.

The Head of the Shared Service commented that demand always outweighed the available DHP grants. She also advised Members that the housing benefit caseload was reducing and the caseload for Council Tax support had also reduced subject to a number of variations.

Members were advised of the difficulties surrounding the collection of arrears in that agreed sustainable payment plans often did not prove to have longevity in many cases. The Head of the Shared Service commented on the abbreviations in respect of data matching as detailed in paragraph 2.3.2 of the report submitted. She stated that Officers had a good working relationship with the Citizens Advice Bureau (CAB).

The Head of the Shared Service referred in detail to a number of tables of performance data in the report and stated that it had been a fantastic year for the business rates team. She referred in particular to business rates liabilities and reliefs, mandatory reliefs granted and reductions in prior year areas.

The Head of the Shared Service commented on the

Business Improvement District (BID) for Bishop’s Stortford as being an intensive activity that had proved to be a steep learning curve which would assist with future BIDS. Members were advised on progress in respect of digital solutions and also in respect of the time consuming impact on the service of Freedom of Information (FOI) requests.

The Head of the Shared Service referred to the very satisfying results of the internal and external Audits. The Stevenage Borough Council Assistant Director of Finance thanked the team for what had been a very productive and good year.

The Committee received the report.

RESOLVED – that the report be received.

The meeting closed at 7.10 pm

Chairman .....
Date .....

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**Meeting**                    **East Herts Council and  
Stevenage Borough Council Joint  
Revenues and Benefits  
Committee**

**Portfolio Area**        Resources

**Date**                    25 June 2020



## **ANNUAL UPDATE**

### **NON KEY DECISION**

#### **1            PURPOSE**

To report to committee the position in the following areas.

- 1.1      Performance reporting
- 1.2      Other challenges
- 1.3      Budget outturn

#### **2            RECOMMENDATIONS**

- 2.1      The report be noted.

#### **3            BACKGROUND**

- 3.1      The shared service has been in operation since August 2011.
- 3.2      This report includes an overview of performance in 2019/20 of the Revenues & Benefits shared service and details future objectives and challenges.

## 4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

### 4.1 Housing Benefit

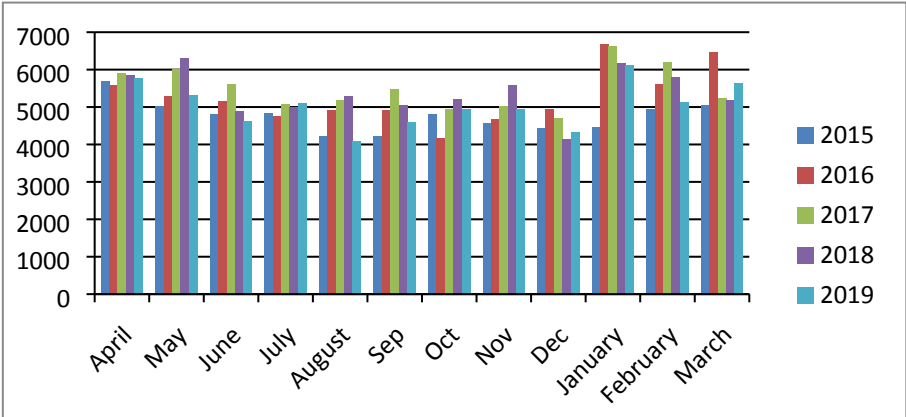
- 4.1.1 **Housing Benefit processing. (N181)**-This performance indicator measures the average processing time for new claims and changes in circumstances.
- 4.1.2 Stevenage N181 was 5.98 days (2018/19: 5.96 days) the second best result since at least 2009/10. With East Herts N181 of 6.60 days which was the best result since 2008/9.
- 4.1.3 The objective of minimising processing time is twofold. Firstly to provide a good service to our customers, but also to avoid any subsidy penalties incurred if processing delays create overpayments for the customer. These are called 'admin delays', and when combined with any LA error overpayments can result in the loss of significant subsidy. If the total value is less than 0.48% of total eligible expenditure, 100% subsidy can be claimed. If between 0.48% and 0.54% the level of subsidy falls to 40%, and anything above 0.54% would mean a loss of all subsidy on these costs. These are monitored closely throughout the year. For 2019/20 pre audit the figures are demonstrated below, and demonstrate that 100% subsidy (pre audit) will be claimed.

**Table 1 LA error and admin delay**

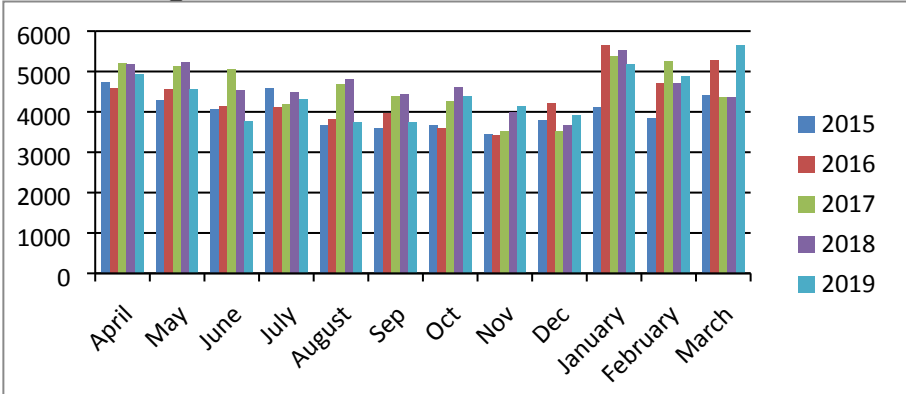
LA Error/Admin delay 2019/20. Pre audit	SBC	EHC
Eligible Expenditure	£ 25,267,737	£ 28,154,873
0.48%	£ 121,285	£ 135,143
0.54%	£ 136,446	£ 152,036
Actual	£ 108,041	£ 70,533

- 4.1.4 The N181 core indicator represents a significant achievement for the shared service. The level of work received by the Housing Benefit team reduced in 2019/20 following the reducing caseload. The overall level of HB post received in 2019/20 reduced by 6155 items compared to 2018/19, a reduction of 5.2%. The total post received was 113821 items. (EHC 53246 & SBC 60575) . Two Assessment Officer posts were deleted during the year reflecting this reduced workload. The following graphs demonstrate the changes.

**Table 2: SBC Housing Benefit work received.**

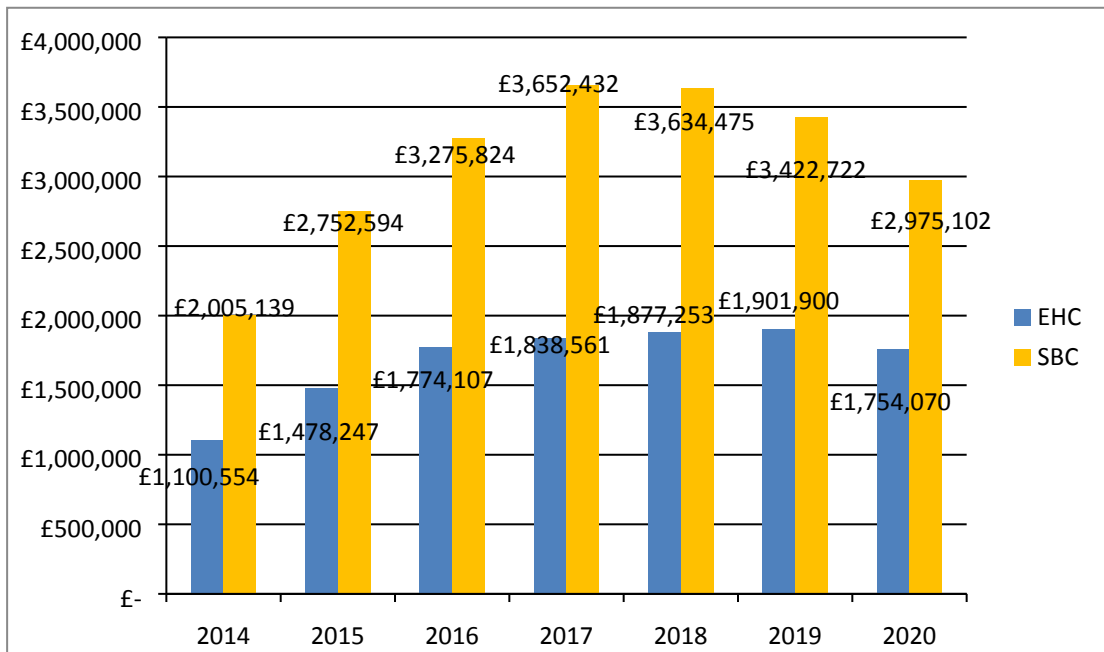


**Table 3: EHC Housing Benefit work received.**



- 4.1.5 Post received includes new claims as well as change in circumstances. These include things like changes in earnings, tax credits, household composition etc. In 2019/20 each SBC claim experienced on average 11.7 changes per claim, and EHC 10.9 changes per claim, a marginal increase in year.
- 4.1.6 **Housing Benefit subsidy-** The level of Housing Benefit claimed in subsidy reached £54.7m in 2019/20 (subject to audit), less than in 2018/19 (£ 63.7m) and reflecting the lower caseload, the restrictions on benefit entitlements, and universal credit.
- 4.1.7 **HB Overpayments-**With the level of awards outlined above the value/level of overpayments is a constant pressure.

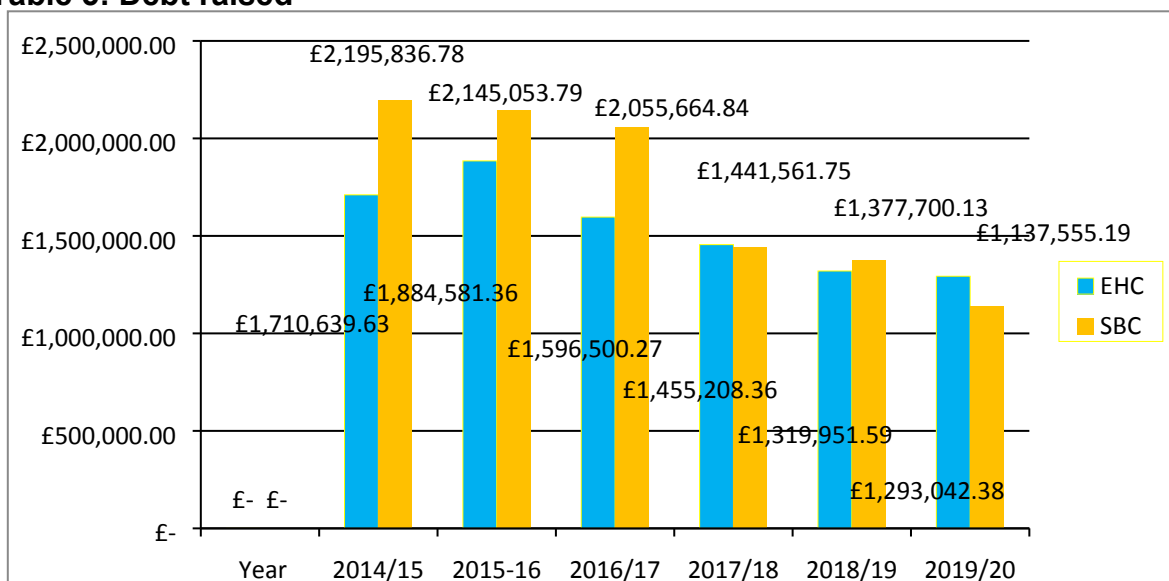
**Table 4: Overpayments outstanding at 1 April each year**



4.1.8 For the third year running the closing value of outstanding debts in Stevenage was less than at the beginning of the year. In contrast EHC has just started to see a reduction in the level of debt outstanding.

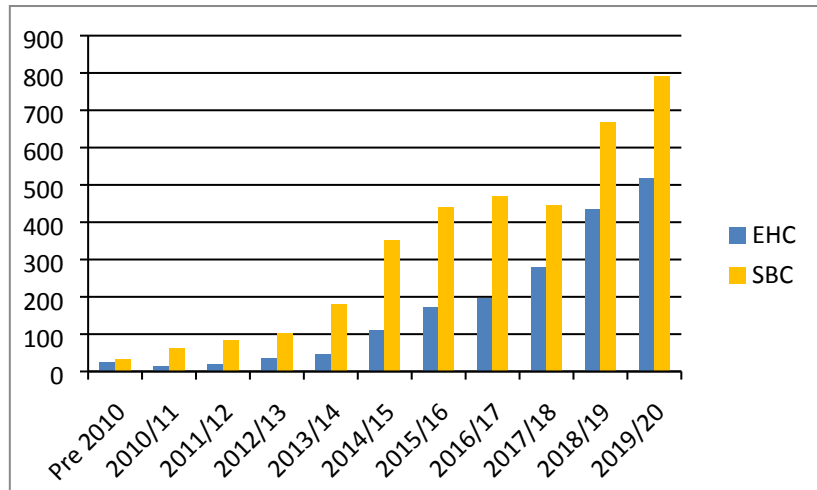
4.1.9 There is a significant difference in the level of outstanding debt at each LA. Looking at the value of debt raised in the last five years (below) demonstrates these differences. This period alone accounts for £1.09 million additional debt raised on SBC accounts. This can be attributed to a number of factors including the impact of the DWP's anti-fraud and error drive (see 4.3 below)

**Table 5: Debt raised**

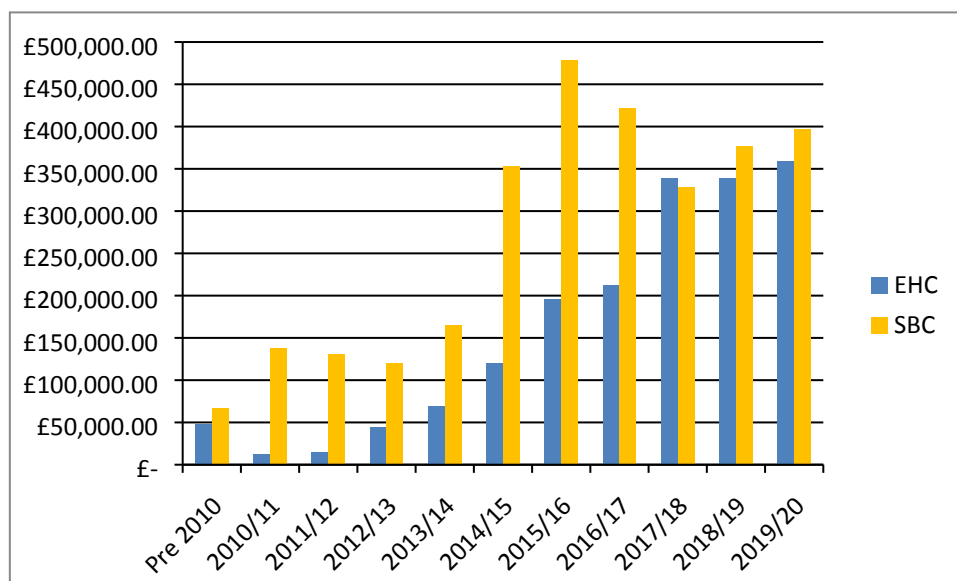


4.1.10 Looking at the debt outstanding by the date invoices were raised shows that this differential has been in place for many years.

**Table 6: Debt outstanding by number of invoices**



**Table 7: Debt outstanding by value based on date invoice is raised.**



4.1.11 In theory the Council should be able to claim 40% in subsidy for each overpayment, and then recover 100% of the debt. The subsidy plus recovery should cover the costs of the initial payment of benefit, costs of collection and bad debt provision. However less than 17% (14.96% SBC & 22.26% EHC) are live claims, enabling recovery to be made from ongoing entitlement. The more significant proportion of debt has to be actively chased and monitored, and is resource intensive.

- 4.1.12 The rates of recovery for those who remain in receipt of Housing Benefit are capped and accordingly many debts will not be repaid for significant periods. The focus is to maximise the number of debts with active recovery action in place recognising the timeframes for full recovery.
- 4.1.13 A review of the overpayment collection processes has been carried out and has improved working procedures. This has included the use of enhanced data extract programmes, and new access to HMRC data via the DWP to trace debtors and secure attachments to earnings. However even the DWP/HMRC route requires considerable resources to manage, and customers are allowed to offer arrangements outside of attachment to earnings which again need careful monitoring.

**Table 8: Overview of debt status at 31 March 2020**

		Stevenage		East Herts	
ALL at 31.3.20	%	Number	Value	%	Value
Total		3636	£ 2,975,102		1,754,070
LIVE	14.96%	544	£ 523,599	22.26%	335,253
DORMANT	85.04%	3092	£ 2,451,503	77.74%	1,418,817
			£ 295		
LIVE AND CT		295	£ 343,036		
LIVE & PT		249	£ 180,563		
<b>LIVE &amp; FRAUD</b>	4.41%	24	£ 78,714	5.81%	48,008
LIVE/FRAUD CT		21	£ 71,791		
LIVE /FRAUD PT		3	£ 6,923		
DORMANT CT		1647	£ 1,126,761		
DORMANT PT		1445	£ 1,324,742		
<b>DORMANT FRAUD</b>	5.34%	165	£ 497,427	8.64%	347,164
DORMANT/FRAUD CT		84	£ 231,742		
DORMANT FRAUD PT		81	£ 265,685		

Note: Dormant means that the debtor is currently not in receipt of Housing Benefit

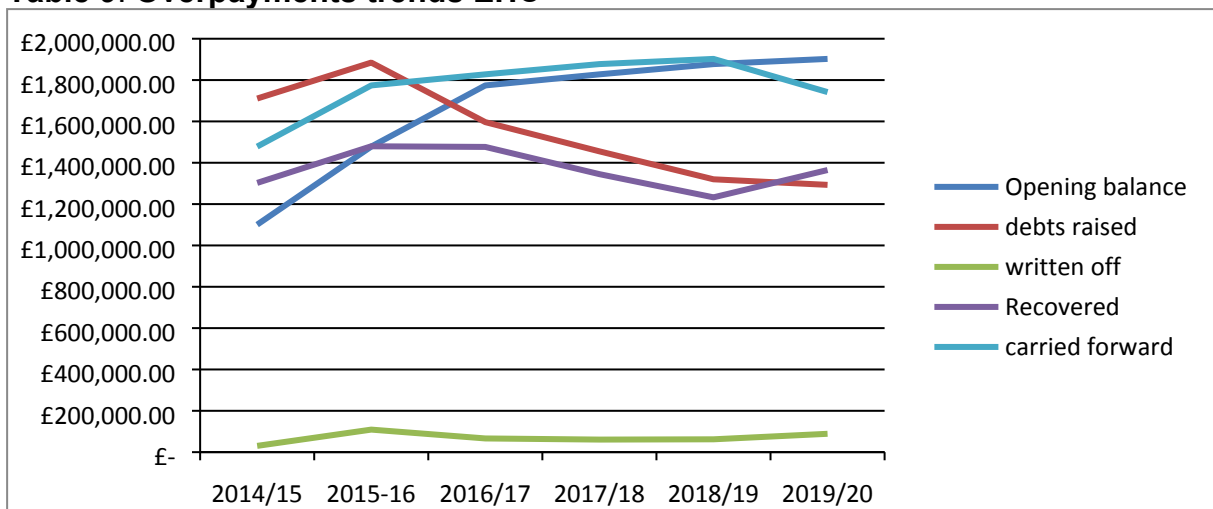
CT = Council Tenant  
PT = Private tenant

- 4.1.14 The maximum rates of recovery set by the DWP, are often reduced following negotiations with customers and their representatives where there are hardship issues.
- 4.1.15 There are a number of significant risks in relation to the collectability of these overpayments and they include;
- The majority are not in receipt of Housing Benefit following the overpayment being accrued, and recovery is therefore more complex.
  - The transfer of working age claims to Universal Credit will reduce

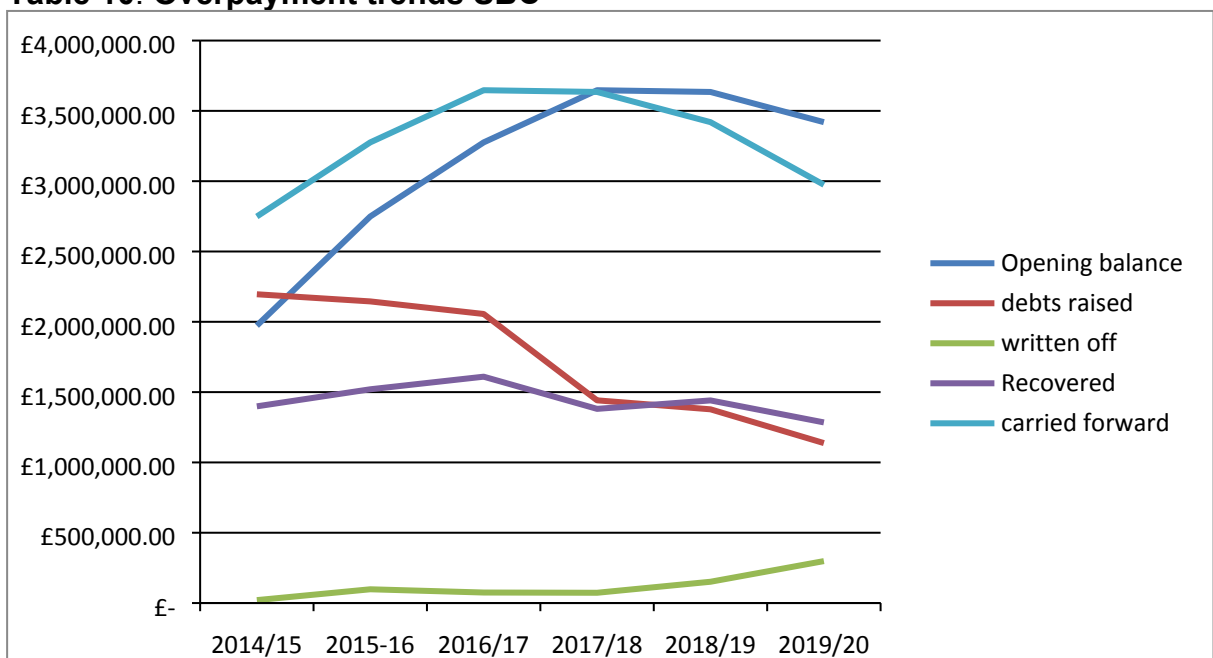
further the shared service's ability to recover from ongoing benefit deduction, as this form of recovery will no longer be available to the service.

4.1.16 The following tables demonstrate the overpayment trends in recent years. It is worth noting that (Table 10) for the first time both Councils, are recovering more than is being raised, and accordingly the debt outstanding is reducing.

**Table 9: Overpayments trends EHC**



**Table 10: Overpayment trends SBC**

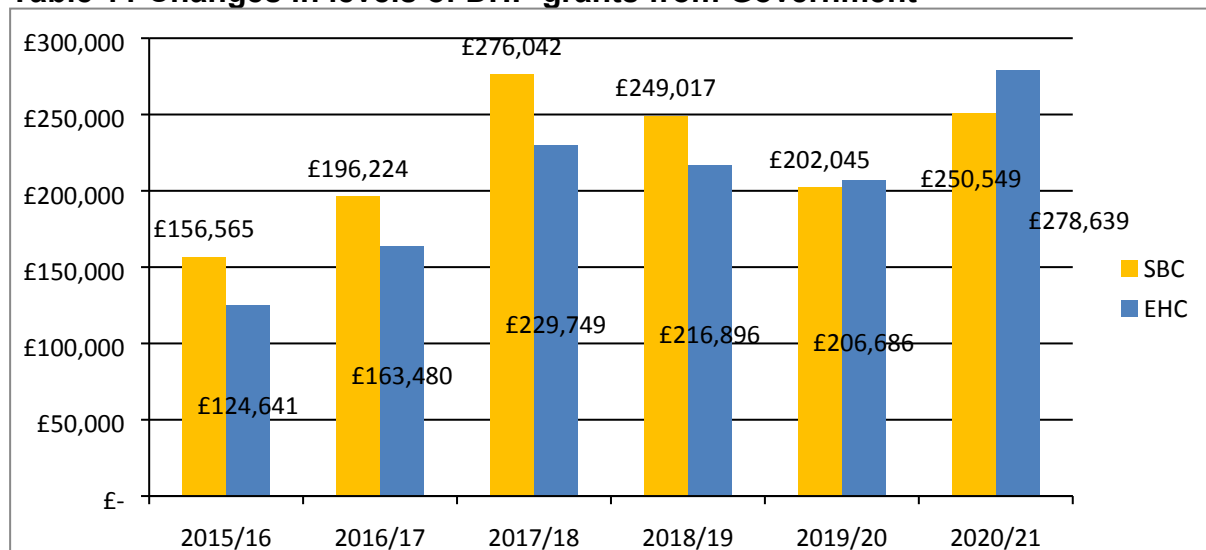


4.1.17 Further to paragraph 4.1.11 above bad debt provisions are also made on the balances outstanding and these represent 91.2% at Stevenage and 50.57% at East Herts. The less provision has to be made, the less the burden on the revenue budgets.

4.1.18 The Government has recognised that its focus in recent years on data matching to identify fraud and error is increasing the level of overpayments that local authorities are carrying. To support recovery of these debts they launched a new facility for LA's to access HMRC data to enable recovery by attachment to earnings.

4.1.19 **DHP-** The amount of Discretionary Housing Payments grant from the DWP received each year changes, reflecting the priorities that it considers need supporting. There is no restriction on how much of the total grant is spent on each of these priorities. The award for 2020/21 reflects an increase in the Governments overall grant to support private tenants, which is why the EHC allocation exceeds that for SBC. There is an increasing pressure on the funds from customers on universal credit (housing costs) to apply for DHP, and whilst enabling more support to be offered to customers this also puts additional administrative pressure on the officers processing these awards.

**Table 11 Changes in levels of DHP grants from Government**



4.1.20 The majority of successful awards in 2019/20 reflected pressure on households affected by the spare room subsidy restriction & Benefit Cap. A similar pattern is expected in 2020/21 with additional claims expected for customers on universal credit.

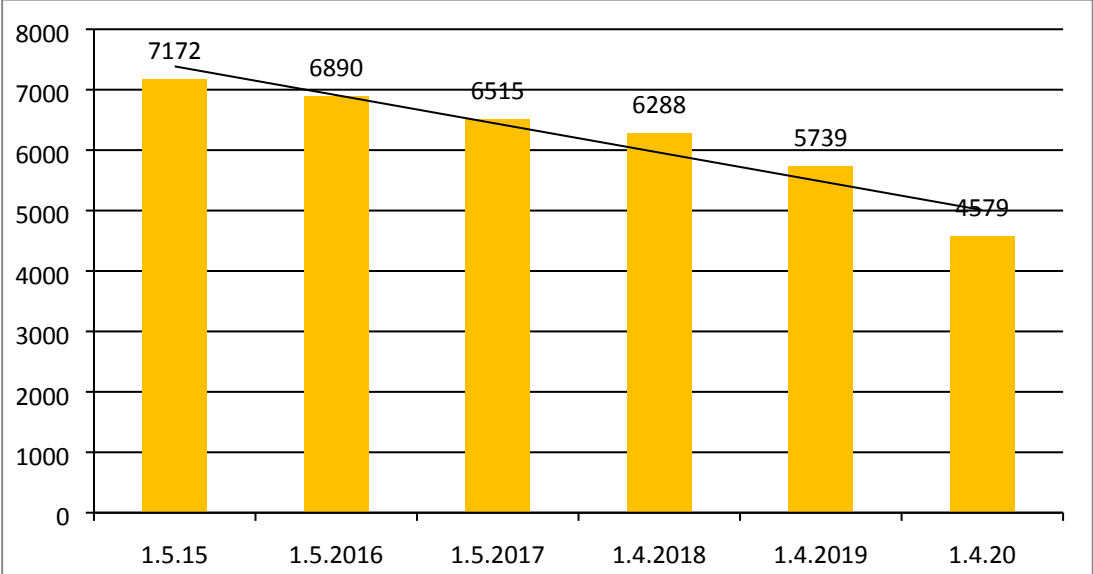
**Table 12: DHP applications**

2019/20	SBC	EHC
Received	688	690
Rejected	256	209
Benefit Cap	30	32
Under occupation subsidy	159	97
Universal credit	114	95

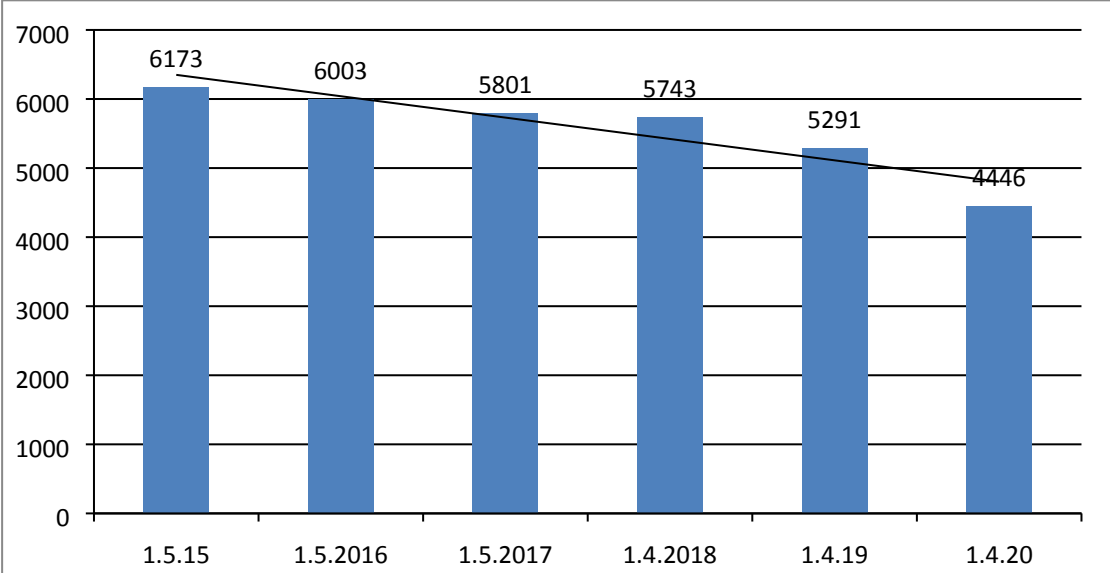


**4.1.21 Housing Benefit caseload**-The following tables demonstrate the changes in Housing Benefit caseload. The number of claimants varies daily with changes in customers’ employment status. These demonstrate a reduction in 2019/20 of 20.1% (SBC) and 16% (EHC) respectively.

**Table 13: SBC Housing Benefit caseload movements**



**Table 14: EHC Housing Benefit caseload movements**

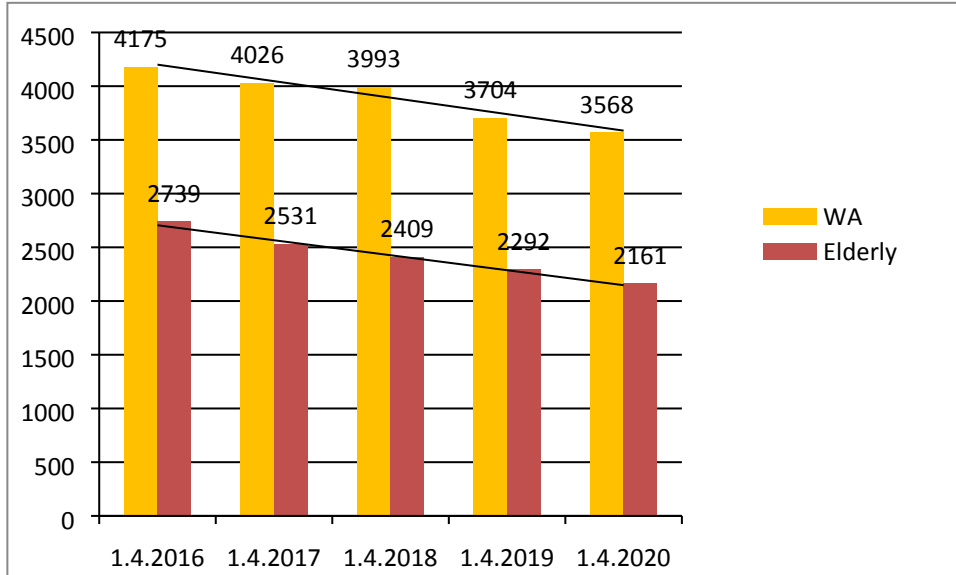


**4.2 Council Tax Support**

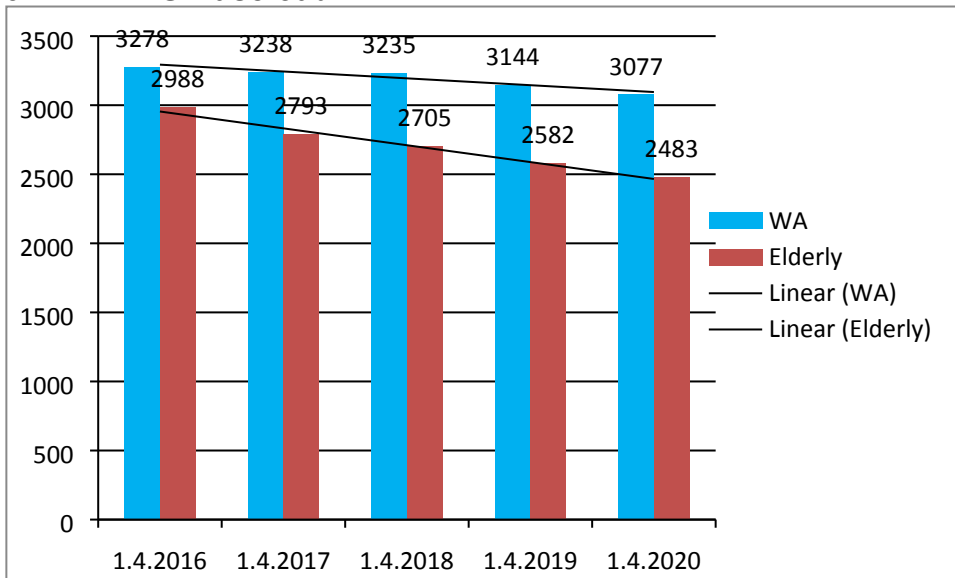
4.2.1 Reductions in caseload have been experienced in CTS, although there are variations, and have slowed considerably since last year. An increase is expected during 20/21 in response the covid-19 pandemic. The elderly caseload has reduced and the likely cause is the increasing age to achieve

that status. SBC seeing a reduction over this period of 5.8% and EHC 3.9%. Whilst working age caseload reductions are shown with SBC 3.7% and EHC 2.21%. The cost of support in 2019/20 was £ 5.84m for SBC and £6.05M for EHC, both lower than in 2018/19.

**Table 15: SBC CTS Caseload**



**Table 16: EHC CTS Caseload**



4.2.2 The collection of Council Tax Liability for CTS cases is more complex. Variations in awards generate new bills and revise collection arrangements.

4.4.3 Collection rates for CTS are calculated on live claims only, and accordingly are indicative of the overall position. The in-year collection rates for working age live CTS claims are shown below, compared with the overall collection rate and comparative positions in recent years.

4.2.4 All WA CTS reflects the overall working age CTS collection rate for live CTS claims, and MAX WA CTS, reflects the collection rate for that subgroup who only pay the 8.5% liability. 2019/20 saw a reduction in the collection of CTS case council tax, this mirrors the downward pressure on the main Council Tax collection rates. For 20/21 working age CTS customers will receive up to £150.00 additional benefit as part of the Governments Covid-19 response and this will impact on the level due to be recovered.

**Table 17: Working Age CTS collection rates**

<b>EHC</b>		All WA CTS	Max WA CTS	General
2015/16		80.00%	71.40%	98.40%
2016/17		79.95%	73.18%	98.40%
2017/18		78.66%	70.49%	98.30%
2018/19		78.61%	73.70%	98.10%
2019/20		77.95%	72.42%	97.80%
<b>SBC</b>		All WA CTS	Max WA CTS	General
2015/16		73.13%	67.35%	96.30%
2016/17		76.50%	73.69%	96.60%
2017/18		75.39%	71.27%	96.40%
2018/19		76.69%	74.11%	96.20%
2019/20		74.04%	69.67%	96.00%

4.2.5 The level of arrears from this group are consequently proportionately higher per household than from that not in receipt of CTS, and accordingly collection is more challenging.

4.2.6 Consideration has been given in recent years to changing the CTS scheme. This has included changing various aspects of the scheme, and more recently whether a banded scheme would maintain the principles originally agreed but make the scheme simpler to understand and administer. The overriding objective has been to avoid any unintended consequences from changing the scheme, and members will receive a separate report on progress and options for 2021 shortly

### **4.3 Verification of Earnings and Pensions (VEP)**

4.3.1 The government's anti-fraud agenda continues to impact on the workload of the service. Data matching is received in various forms, including the National Fraud initiative, and the DWP's Real Time data Information scheme (RTI).

4.3.2 The newest iteration, following on from FERIS (Fraud and Error Reduction Incentive Scheme) and RTI (Real Time information) and WURTI (Wider use of real time information) is called VEP.

- 4.3.3 VEP provides the service with access to earnings and pensions details on line and enables verification. This latest initiative is developing so that every time a customer has a change in earnings etc. the service will receive an 'alert' and be required to amend the customers claim.
- 4.3.4 Once again funding has been received to support LA's in obtaining resources to carry out VEP work. For 2019/20 this amounted to £82.5k, however for 2020/21 this is reduced to £56.1k.
- 4.3.5 This activity inevitably identifies overpayments of Housing Benefit and Council Tax support which need to be recovered. (See 4.1.7 above)
- 4.3.6 The DWP are also requiring Councils to do ad hoc targeted work when they consider there is a high risk of fraud and error

#### **4.4 Universal Credit**

- 4.4.1 Universal Credit went 'full service' from October 2018 for Stevenage and East Herts residents. This means that with only a few exceptions all new claims for support for working age customers will go to UC, and customers experiencing a relevant change in circumstances will transfer from HB to UC. Bulk transfer of the remaining working age HB cases to UC has not yet been scheduled by the DWP. Their pilot activity in 2019 was not considered successful, so further delays are expected. This level of uncertainty impacts on service design, resources and future planning for LA's.
- 4.4.2 There are still some working age client groups who will not move onto universal credit, including those in temporary accommodation. There remains no indication of any scheme for pensioners who will until further notice remain eligible for Housing Benefit.

#### **4.5 Council Tax.**

- 4.5.1 The performance measure looks at the proportion of the current years liability collected in that year. For 2019/20 Stevenage collection rate was 96%, and East Herts 97.8%. SBC 0.2% lower than 2018/19 and EHC 0.3% less, consideration of this is discussed below.
- 4.5.2 In 2019/20 the combined collectable debit for EHC & SBC increased by over £8.8m. (EHC £6.2m & SBC £2.6m). For Stevenage the collectable debit was £49.3m and EHC £109.5m. Customers are now experiencing ongoing increases in council tax after a few years of minimal increases. The additional adult social care charge levied by HCC adds to the cost of this tax for each household.
- 4.5.3 The number of actual properties in the tax base also increased by 1293 between 1.4.19 and 1.4.20, the second year running where there has been growth in excess of 1000 properties. One pressure is that the Valuation office Agency who band the properties are taking over 90 working days to advise of the correct band on which the service can bill.

Occupiers of new properties are often waiting up to 6 months before getting a bill, and accordingly there are challenges in getting these accounts up to date within a financial year.

4.5.4. Analysis of multiple year indebtedness is carried out to see if there are issues with mounting multi-year debts compared with limitations on attachments to earnings and benefits recovery rates.

4.5.5 Whilst in year collection is the prime performance indicator, considerable work goes into collecting prior year arrears. The table below demonstrates the position for each Council.

**Table 18: Stevenage Council Tax arrears**

SBC	31.3.20	31.3.19	prior year change
Pre 2003	£ 699	£ 645	£ 55
2003-2007	£ 57,831	£ 80,331	-£ 22,501
2008-2012	£ 316,413	£ 429,376	-£ 112,964
2013-2019	£ 2,227,070	£ 3,635,241	-£ 1,408,171
<b>Pre 1.4.2019</b>	<b>£ 2,602,013</b>	<b>£ 4,145,594</b>	<b>-£ 1,543,581</b>
2019/20	£ 1,902,286		
<b>at 31.3.2018</b>	<b>£ 4,504,299</b>	<b>£ 3,696,290</b>	<b>£ 808,010</b>

Before adding the 2019/20 arrears, £1,543,581 of prior year debt has been recovered.

**Table 19: East Herts Council Tax arrears**

EHC	31.3.20	31.3.19	prior year change
Pre 2003	£ 5,269	£ 8,251	-£ 2,982
2003-2007	£ 100,371	£ 129,798	-£ 29,427
2008-2012	£ 287,148	£ 376,342	-£ 89,194
2013-2019	£ 2,127,193	£ 3,647,684	-£ 1,520,491
<b>Pre 1.4.2018</b>	<b>£ 2,519,981</b>	<b>£ 4,162,075</b>	<b>-£ 1,642,094</b>
2018/19	£ 2,157,432		
<b>at 31.3.2017</b>	<b>£ 4,677,413</b>	<b>£ 4,162,075</b>	<b>£ 515,338</b>

Before adding the 2019/20 arrears, £1,642,094 of prior year debt has been recovered.

4.5.6 The tables demonstrate that significant inroads into prior year arrears were achieved in 2019/20, and whilst some of these were deemed non recoverable and written off, the overall level of pre 2019/20 debt was reduced.

4.5.7 The taxbases for each council also produced surpluses for each preceptor as the spend on Council Tax Support was less than expected and a successful review of single person discounts reduce the cost of this mandatory relief. The surplus after Bad Debt provision is SBC £902k and

EHC £634k.

- 4.5.8 Both Councils have now removed the relief given for properties left empty and substantially unfurnished, and those properties empty and uninhabitable.
- 4.5.9 Both Councils applied the 50% premium to properties which have been empty for more than two years. EHC has increased this to 100% premium from 1 April 2020. At 31.3.20 SBC charged the premium on 34 properties and EHC 139.
- 4.5.10 The service also carried out an in-house review of empty homes, identifying 68 (SBC 25, 43 EHC) which were in fact occupied. The review was carried out in house and a share of the costs, in proportion to the New Homes Bonus award was recharged to Herts County Council (20%). The review also increased the number of properties on which New Homes Bonus would be eligible.
- 4.5.11 The service in conjunction with Capacity Grid carried out a review of recipients of Single Person Discounts. Almost 32,000 properties were screened to confirm entitlement. (EHC 19.1k, SBC 12.9k). Those cases which were of high risk were then sent letters to complete an online review form.

**Table 20: SPD removals and penalties**

SPD	Stevenage	East Herts
Removed	301	340
Penalties £	£15,400	£9940
Penalties - No.	220	142

#### 4.6 Business Rates

- 4.6.1 The performance measure looks at the proportion of the current years liability collected in that year. Stevenage collection rate was 98.87% the same as in 2018/19 and the highest since before 2010/11, and East Herts 98.64, the highest since 2007.

- 4.6.2 The tables below shows some of the headline values at 31.3.2020

**Table 21: Business Rates liabilities and reliefs**

	SBC	EHC
<b>Gross rates</b>	£ 53,096,894	£ 56,036,909
<b>Transitional reliefs</b>	£ 341,712	-£ 268,289
<b>Mandatory relief</b>	-£ 4,197,379	-£ 11,382,241
<b>Discretionary relief</b>	-£ 152,645	-£ 269,205
<b>Government funded specific relief</b>	-£ 611,125	-£ 1,446,693
<b>Net yield to collect</b>	£ 48,477,458	£ 42,670,481

**Table 22: Mandatory reliefs granted**

Mandatory Relief	Explanation	SBC 2019/20	EHC 2019/20
Empty (sec 45)	A Mandatory Relief applied to properties which are empty – 3 months for Shop & Offices etc and 6 months for Industrial type properties	£ 867,955	£ 1,723,258
Small Business Additional yield	The additional amount paid by any business not eligible for Small Business Rate Relief (i.e. they pay the higher multiplier)	-£ 1,148,992	-£ 897,557
Small Business rates relief	A Mandatory Relief for Small Businesses under £12,000 rateable value	£ 1,963,373	£ 5,801,281
Charitable (Sec 43(5))	A Mandatory Relief where the organisation is a charity or would be considered to be a charity	£ 2,510,607	£ 4,639,444
Sports Clubs (sec 43(5))	A Mandatory Relief (43(5)) for registered Community Amateur Sport Clubs	£ 4,435	£ 84,012
Village Shops	A Mandatory relief to a Post Office or the only General Store, Pub or Petrol Station in a Rural Settlement with a population not exceeding 3,000		£ 31,802

4.6.3 In addition to the collection of current year liabilities the Business rates team continue to focus on old year debts. Many of these accrued prior to the localisation of business rates when the impact of non-collection was less significant than currently. This year despite having the highest in year collection rates, the level of outstanding debt has increased. This is attributed to retrospective adjustments by the valuation office to rateable values and a challenging last month of the financial year due to the pandemic.

4.6.4 The focus on this area has produced significant results over the last few years, as demonstrated below.

**Table 23 Changes in prior year arrears.**

Opening balance of all -year arrears	East Herts	Stevenage	Total	Change
1.4.2015	£ 1,872,516	£ 2,928,693	£ 4,801,210	
1.4.2016	£ 1,919,025	£ 1,736,090	£ 3,655,115	-£ 1,146,095
1.4.2017	£ 1,788,800	£ 1,178,938	£ 2,967,738	-£ 687,377
1.4.2018	£ 1,364,742	£ 871,897	£ 2,236,639	-£ 731,099
1.4.2019	£ 1,260,096	£ 710,443	£ 1,970,539	-£ 266,100
1.4.2020	£ 1,476,560	£ 770,102	£ 2,246,662	£ 276,123

Arrears at 1.4.2020	East Herts	Stevenage	Total
pre 1.4.2019	£ 834,605	£ 250,597	£ 1,085,202
in year 2019-20	£ 641,955	£ 519,505	£ 1,161,460
Total	£ 1,476,560	£ 770,102	£ 2,246,662

#### 4.7 Discretionary Rate relief & Other Reviews

- 4.7.1 The Government announced in the March 2018 budget, further schemes to support business. These are all administered by local authorities using our discretionary relief powers, but are fully funded by central government.
- 4.7.2 The revaluation relief finishes its four years of relief package in 20/21, and new for 2019/20 was the introduction of retail relief which reduces bills for qualifying business by one third.
- 4.7.3 Already in 2020/21a raft of reliefs have been announced in response to the Covid-19 pandemic. These include the small business grant scheme, the retail, hospitality and leisure grant scheme, the expanded retail relief scheme, and a 'discretionary' grant scheme.

#### 4.8 RV Finder

- 4.8.1 The importance of identifying the correct rateable values (RV) to maximise the revenue streams to the councils is taken very seriously, and will continue to be a focus as the reliance on this income grows.
- 4.8.2 The Service is currently under contract with a company who use national data sources to identify changes and potential changes in rateable value in the area. Herts County Council contribute to the cost of both the core information system and towards each rateable value identified.
- 4.8.3 However there are increasing pressures on the RV across the country.
- 4.8.4 Issues with avoidance and evasion continue, and the shared anti-fraud service support our work in data matching on both LA's data, which can



identify useful leads.

- 4.8.5 The Government Covid – 19 grant scheme is helping to identify a number of properties previously not registered for business rates, and other circumstances that require investigation.

#### 4.9 **Other activity**

- 4.9.1 The BID for Bishop’s Stortford went live in October 2018. This has been an intensive activity but the steep learning curve will support other BIDS which may come forward. Charges are levied on the BID company for this service.

- 4.9.2 The team continues to develop and enhance the quality of the service provided. One route supporting this is academic study. Three team members are studying for their professional exams. This ensures that this complex and demanding area is best served by qualified and knowledgeable officers.

#### 4.10 **Digital**

- 4.10.1 The service is focused on responding to the need to offer digital solutions for customers engaging with the service. This provides opportunities for 24/7 service delivery and efficiencies.

- 4.10.2 Currently East Herts and Stevenage customers can self-serve a range of services for Housing Benefit, Council Tax and Business rates, these include;

- On line claim for Housing Benefit and Council Tax support
- E- billing Council Tax
- E-billing Business Rates
- Change of address
- Online direct debits
- *Arrangement Manager- This module provides recovery staff with the tools to create special payment arrangements quickly and easily in line with our local policies and procedures, Customers can set up arrangements to pay (within parameters)24/7*
- *Arrangements e-notifications -A taxpayer or ratepayer entering into a special payment arrangement can be offered the option of receiving all associated documentation electronically*
- *Digital Discounts and Exemptions-This module allows us to replace all of our Council Tax forms and it is envisaged that it will dramatically reduce manual updates and customer queries with a single integration*

- 4.10.3 During the coming year, the service intends to expand this on-line service to all customers to include;

- The **Recovery Incidence Score Calculator - (R.I.S.C.)** is essentially an internal 'credit rating' system based on a taxpayer's recovery history. A score value will be assigned for each element of recovery, this score is then captured for each bill year the taxpayer is liable and an overall RISC average score calculated. The scores will then be put into a RISC group or status (a range of scores e.g. 0 to 5 Excellent Payers). This RISC score may then be used by various recovery batch programs to target recovery more effectively, and to generate specific recovery letters dependant on the score.

4.10.4 In addition to these modules, a number of other on-line forms have been e-enabled to assist customers. Back office integration with these forms will be a further project.

4.10.5 The take up of self service options is slow, and accordingly both Councils are working together to devise a strategy to increase use of these services. Channel shift from traditional service options to digital routes will be necessary to ensure that these new ways of working become the default. The table below demonstrates some of the movement in take up between July 2017 and March 2020.

**Table 25: Take up of digital options**

	EHC				SBC			
	Jul-17	Mar-18	Mar-19	Mar-20	Jul-17	Mar-18	Mar-19	Mar-20
Registered accounts	3100	5586	10563	15480	164	1226	3437	5725
Council Tax: Online DD's	351	2384	6324	10637	60	726	2234	4137
Online CoA	454	2695	7237	11572	76	492	1570	2840
E Billing	378	726	1393	2152	8	116	410	770
Benefits :	112	185	296	432	4	43	114	192
Landlords	25	34	47	53	1	4	13	20
Business Rates	24	45	74	117	0	4	8	62

4.10.6 Good clear communication with our customers is essential to both encourage and support them through the transition to greater digital interaction. A range of activities have commenced including both Councils communications teams working together on a series of promotional material, raising awareness of what is available and what is 'coming soon'.

4.10.7 All front line staff have to be committed to channel shift and to engage customers at first point of contact to move to digital services where they are able to. Delays have been experienced as this approach requires new ways of working and corporate support is required to engage other service areas in this objective. The objective is to be *digital by default* and accordingly considerable efforts will be made to engage both staff and customers in the coming year.

4.11 **Single Fraud Investigation Service (SFIS)**

- 4.11.1 The DWP's single fraud investigation service subsumed the Benefits fraud team from the 1 May 2015 for both Stevenage and East Herts.
- 4.11.2 New procedures for referring cases to the DWP are in place, but the service remains responsible for providing relevant information, carrying out adjudications and the collection of any overpayments generated.
- 4.11.3 The DWP appear to be improving in some areas, and are now carrying out prosecutions in high value cases. Administrative penalties of 50% can be applied to lower value cases, but this is an addition to the value of any overpayment that is to be recovered. This increases the debt that the Council has to recover. The DWP confirm that both Councils are referring above the national level of suspected fraud cases.
- 4.11.4 East Herts, Stevenage and North Herts, in conjunction with the shared anti-fraud service (SAFS) are part of a national pilot for joint working with the DWP, for the joint investigation of Housing Benefit fraud where there is also a claim for Council Tax support. This places all three LAs in a greatly improved position in relation to HB fraud over the majority of LA's administering HB, and will allow SAFS to access DWP data on housing & tenancy matters (including homelessness/housing applications) where there is suspicion of fraud.

#### **4.12 Service plan objectives 2020/21**

- 4.12.1 The agreed service plan focuses on collection rates and performance in processing Benefit claims, whilst reviewing the access and support offered to customers as discussed above.

#### **4.13. Print & post contract**

- 4.13.1 The cross council corporate digital print & post contract is now live, and the shared service is leading on the roll out. The service successfully used the new company for the annual billing in March 2020, as well as all outgoing daily post. A handful of letters are still processed in house for specific reasons. Savings have already been realised following a reduction in staff. This activity contributed to the service being able to transition seamlessly into operating in a pandemic lockdown.

#### **4.14 Supporting customers**

- 4.14.1 The service continues to exploring support for customers in financial difficulty, with a view to early intervention preventing the additional costs of enforcement action being necessary.

#### **4.15 Freedom of information requests**

- 4.15.1. The service continues to be a focus for many FOI requests, these are time consuming and expensive to respond to. Many of these are Business

Rates related, where private companies seek information for their business activities.

#### 4.16 Audits

The service is subject to audit both internally and externally. The results of the audits are shown below. The three categories for internal audit are Limited, Satisfactory and Good.

**Table 27: Audit results**

	SBC	EHC
<b>Internal: Council Tax</b>	<b>GOOD</b>	<b>GOOD</b>
<b>Internal: Business Rates</b>	<b>GOOD</b>	<b>GOOD</b>
<b>Internal: Housing Benefit</b>	<b>GOOD</b>	<b>GOOD</b>
<b>External : HB subsidy claim</b>	No change to claim	No change to claim

#### 4.17 Outturn budget for 2019/20

4.17.1 The table below shows the outturn for both 2018/19 and 2019/20, and the initial budget for 2020/21.

**Table 28: Shared service budgets**

REVENUES & HOUSING BENEFITS	2018/19 Outturn	2019-20 Outturn	Original Budget 2020/21
	£	£	£
- SHARED SERVICE			
<b>EXPENDITURE</b>			
Employees	3,148,440	3,206,152	3,299,190
Transport Related Expenses	17,488	17,935	16,350
Supplies & Services	217,429	215,587	241,450
Support Services & Divisional Costs	1,168,060	834,150	859,750
<b>Expenditure Total</b>	<b>4,551,417</b>	<b>4,273,824</b>	<b>4,416,740</b>
Income From Other Authorities	1,679,128	1,815,525	1,873,360
Section Recharge	2,872,289	2,458,299	2,543,380
<b>Income Total</b>	<b>4,551,417</b>	<b>4,273,824</b>	<b>4,416,740</b>

4.18.2 A review of the costs of the shared service was completed during the year, introducing various activity measures to apportion costs against. The service continues to look for savings and efficiencies.

4.18.3 The following table demonstrates the distribution of the underspend between each Council. In addition to these underspend each Council received new burdens funding that was not pulled in to the shared service during the year and accordingly is in addition to the underspends.

**Table 29: Distribution of underspends.**

<b>2019/20</b>	<b>In year underspend (overspend)</b>
<b>SBC contribution</b>	£60,053
<b>EHC contribution</b>	£60,053
<b>Total</b>	£120,107

## **5 IMPLICATIONS**

### **Financial Implications**

5.1 None

### **Legal Implications**

5.2 None

### **Risk Implications**

5.3 None

6. Background Papers None

Contact Member: Geoffrey Williamson, Executive Member for Financial sustainability, East Herts Council.

Joan Lloyd, Executive Member for Resources and Deputy Leader, Stevenage Borough Council.

Contact Officer: Su Tarran, Head of Revenues & Benefits Shared service  
Contact Tel No 01279 502075

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