

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

Portfolio Area Resources

Date 5 July 2022



ANNUAL UPDATE

NON KEY DECISION

1 PURPOSE

To update the Committee on the 2021/22 Shared Revenue and Benefits service including, performance of the service during the year, the in year challenges and the 2021/22 budget outturn position.

2 RECOMMENDATIONS

2.1 The contents of 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 2021/22 of the Revenues & Benefits shared service and details future objectives and challenges.

3.3 Since March 2020 the service has been significantly impacted by additional work required as part of the Governments response to the Covid 19

pandemic. The report details both the achievements made in carrying out these projects but also demonstrates the impact on the performance of the service that these additional work streams have created.

- 3.4 At the time of writing this report it is worth noting that whilst the Covid-19 projects are completing, further Government projects have been launched in respect of the energy cost issues. These will inevitably have a further impact on service performance and its ability to 're-group' after Covid projects. In addition to these additional work streams which the service is required to carry out, the service is also supporting both HCC and other service areas with new projects that they are tasked with.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Housing Benefit

4.1.1 Test & Trace: (Covid- 19 project)

- 4.1.2 The Government introduced a £500 compensation payment for certain groups of people who contracted Covid and had to isolate and lost earnings as a result. This was in the form of a mandatory scheme for those in receipt of a qualifying benefit as well as a discretionary scheme to be determined by the local authority. The mandatory scheme was extended and expanded during its lifetime on a number of occasions.
- 4.1.3 This was particularly difficult to administer due to a number of factors, including customer's expectations of entitlement, and their ability/willingness to provide the necessary supporting information. The number of awards made compared to those who have applied is significant.
- 4.1.4 Both schemes closed on 31.3.2022, after many iterations of the main scheme had been made by Government to reflect the changing isolation rules etc.
- 4.1.5 The scheme was administered by the Housing Benefit service. It is generally recognised amongst practitioners that this was a poorly designed scheme by Government, which required significantly high levels of resource to administer. Customers were required to provide evidence of infection using systems not designed for the purpose, and officers were required to validate entitlements through Government systems which had restricted access.
- 4.1.6 The Government advised that they would fully fund the awards, but are currently seeking to only pay administration costs on successful awards. The table below demonstrates that this is not reasonable considering the level and complexity of the cases, when only 35% of all applicants qualified.

Table 1

Test & Trace	EHC	SBC	Totals
Received	2229	1799	4028
Rejected	1468	1157	2625
Eligible	761	642	1403
Paid - standard	542	501	1043
Paid discretionary	219	141	360

4.2 **Housing Benefit processing. (N181)**-This performance indicator measures the average processing time for new claims and changes in circumstances.

4.2.1 The additional pressure on resources during Covid, specifically through Test & Trace impacted on performance this year. Stevenage N181 was 7.25 days and East Herts N181 was 7.15 days. On average this was 2.4 days longer than 2020/21.

4.2.2 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 2012/21 pre audit the figures are demonstrated below, and demonstrate that 100% subsidy (pre audit) will be claimed.

Table 2 LA error and admin delay (pre audit)

LA Error/Admin delay	SBC	EHC
Eligible Expenditure	£ 20,831,853	£ 23,579,117
0.48%	£ 99,993	£ 113,180
0.54%	£ 112,492	£ 127,327
Actual	£ 50,311	£ 104,923

4.2.3 The N181 core indicator represents a significant achievement for the shared service in light of the additional projects, and workload . The overall level of work received by the Housing Benefit team increased again in 2021/22 attributed to the test and trace project and changes in universal credit claims on Council Tax support entitlement.

4.2.4 The overall level of HB post received in 2021/22 increased by over 12k items, an increase of 8.7%

4.2.5 The total post received was 150,258 items. (EHC 76,527 & SBC 73,731) . The following graphs demonstrate the changes.

Table 3: SBC Housing Benefit work received.

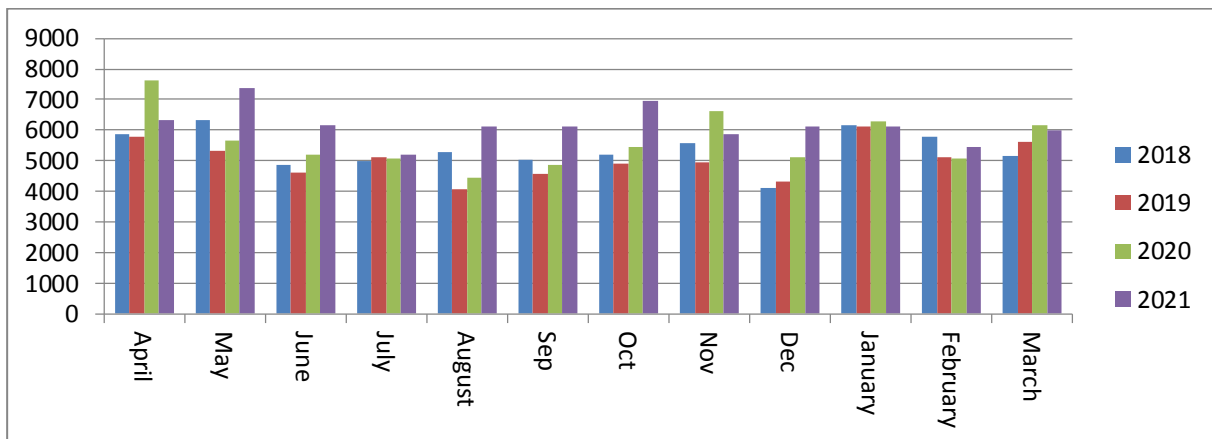
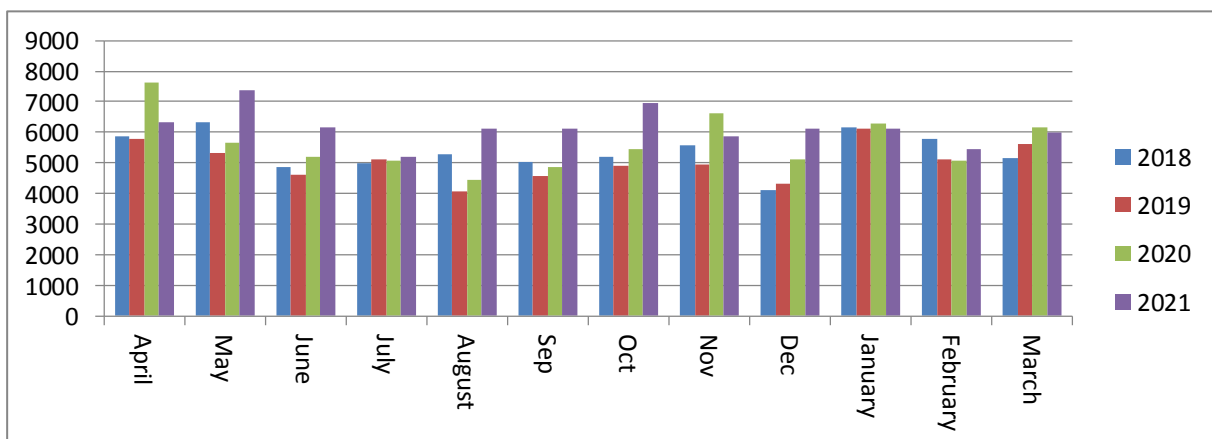


Table 4: EHC Housing Benefit work received.



4.2.6 Post received includes new claims as well as change in circumstances. These include things like changes in earnings, tax credits, household composition etc. In 2021/22 each SBC claim experienced on average 19.36 per claim, and EHC 20.56 per claim, a significant increase on 2020/21. (SBC 15.72, EHC 17.13)

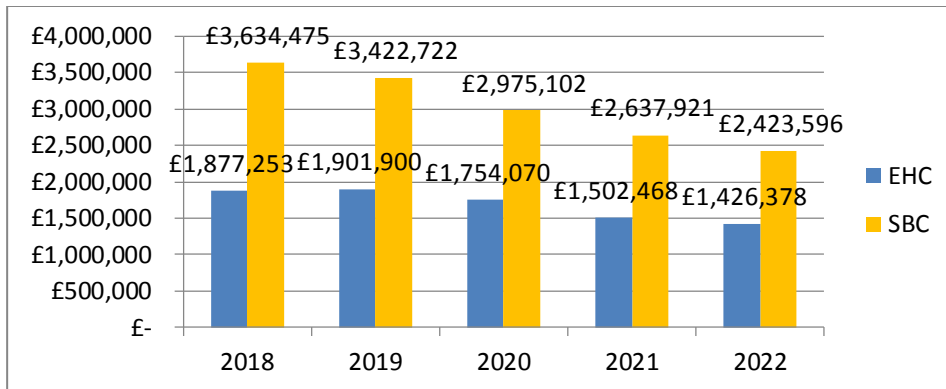
4.3 Housing Subsidy

4.3.1 The level of Housing Benefit claimed in subsidy reached £44.4m in 2021/22 (subject to audit), less than in 2020/21 (£ 49.9m) and reflecting the lower caseload, the restrictions on benefit entitlements, and universal credit.

4.1 **HB Overpayments**

4.4.1 With the level of awards outlined above the value/level of overpayments is a constant pressure.

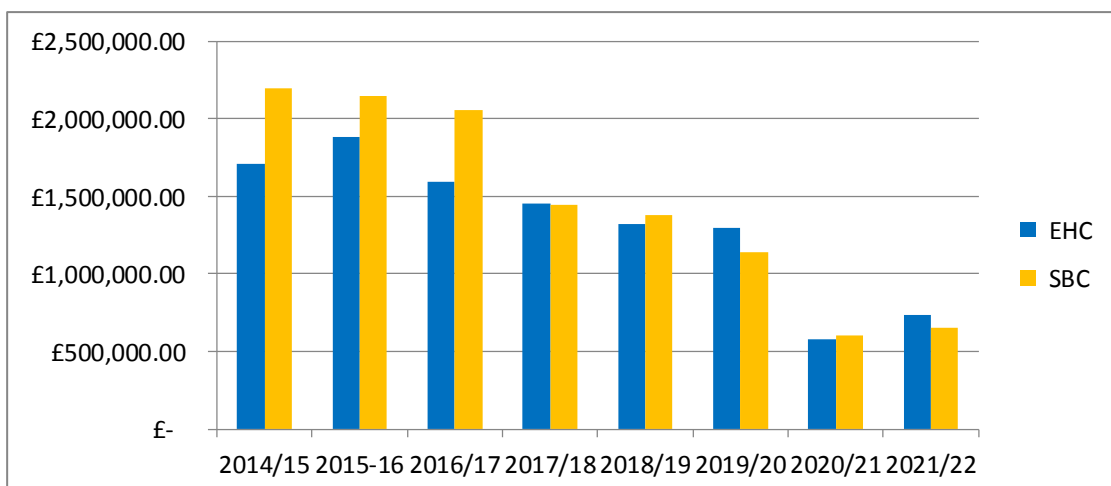
Table 5: Overpayments outstanding at 1 April each year



4.4.2 For the fifth year running the closing value of outstanding debts is reducing.

4.4.3 There remains a significant difference in the level of outstanding debt at each LA. Looking at the value of debt raised in the eight years (below) demonstrates these differences in new debts raised are diminishing, but the difference in historical outstanding debt remains. (Table 5). The historic variance can be attributed to a number of factors including the impact of the DWP's anti-fraud and error drives (see 4.8 below).

Table 6: Debt raised



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

Table 7: Debt outstanding by number of invoices

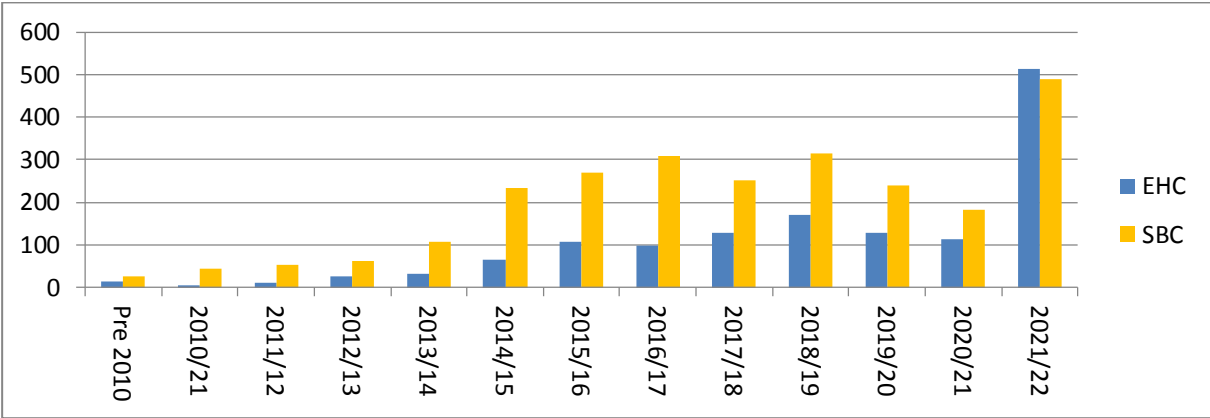
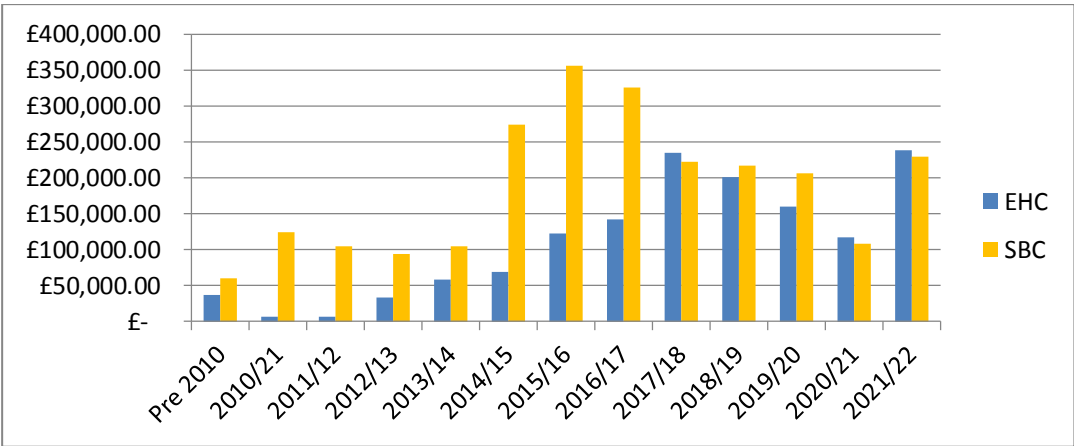


Table 8: Debt outstanding by value based on date invoice is raised.



4.4.5 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 17.5% of all debts (individually; 13.6% SBC & 24.5% 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.

4.4.6 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.

4.4.7 Use of HMRC data via the DWP to trace debtors and secure attachments to earnings continues. 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 9: Overview of debt status at 31 March 2022

		Stevenage		East Herts		
ALL at 31.3.22	%	Number	Value	%	Number	Value
Total		2574	£2,423,596.39		1408	£ 1,426,378.21
LIVE	13.60%	350	£ 289,623.53	24.50%	345	£ 192,978.95
DORMANT	86.40%	2224	£2,133,972.86	75.50%	1,063	£ 1,233,399.26
LIVE AND CT		210	£ 183,176.50			
LIVE & PT		140	£ 106,447.03			
LIVE & FRAUD	3.43%	12	£ 40,035.74	2.90%	10	£ 19,046.96
LIVE/FRAUD CT		11	£ 38,854.99			
LIVE /FRAUD PT		1	£ 1,180.75			
DORMANT CT		1213	£1,019,642.49			
DORMANT PT		1011	£1,114,330.37			
DORMANT FRAUD	6.16%	137	£ 451,306.61	9.13%	97	311,445
DORMANT/FRAUD CT		70	£ 215,421.18			
DORMANT FRAUD PT		67	£ 235,885.43			

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

CT = Council Tenant PT = Private tenant

- 4.4.8 The maximum rates of recovery set by the DWP, are often reduced following negotiations with customers and their representatives where there are hardship issues.
- 4.4.9 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 continues to reduce further the shared service's ability to recover from ongoing benefit deduction.
- 4.4.10 The following tables demonstrate the overpayment trends in recent years. It is worth noting that both Councils, are recovering more than is being raised, and accordingly the debt outstanding is reducing.

Table 10: Overpayments trends EHC

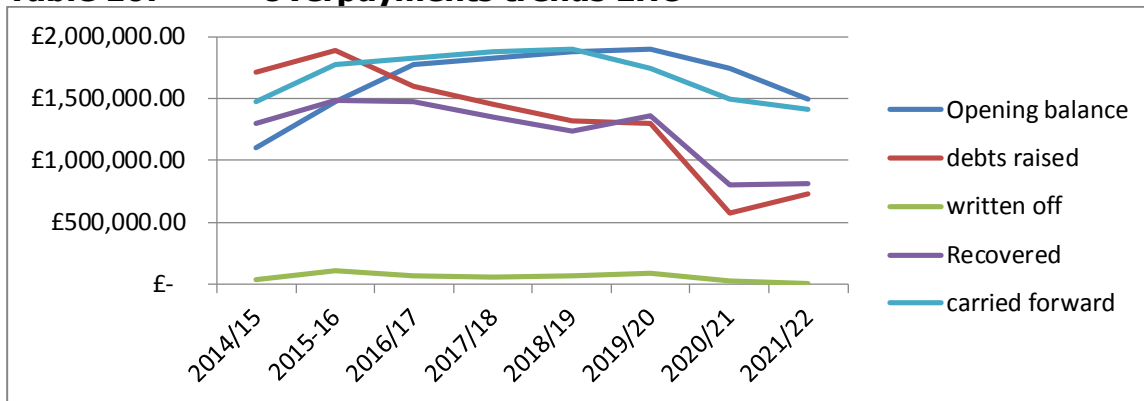
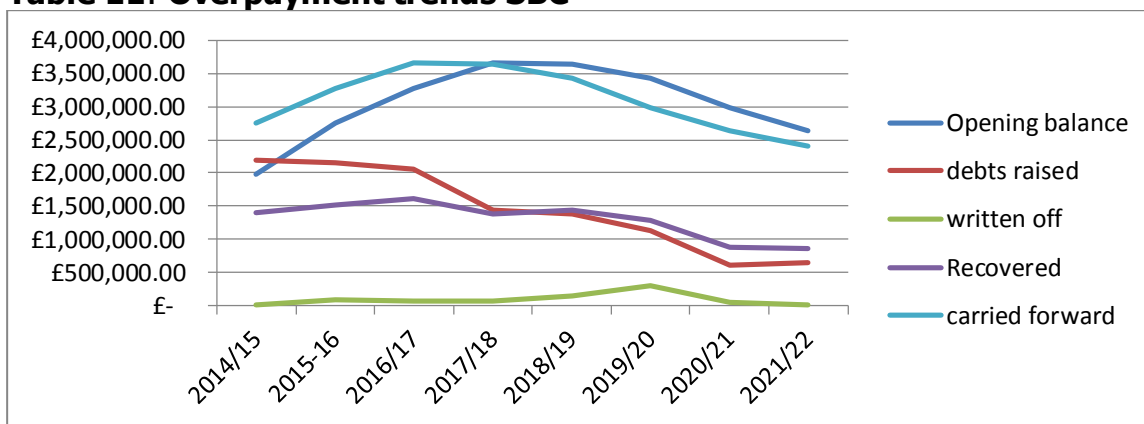


Table 11: Overpayment trends SBC



4.4.11 Further to paragraph 4.4.5 above bad debt provisions are also made on the balances outstanding and these represent 94% at Stevenage and 51% at East Herts. The less provision has to be made, the less the burden on the revenue budgets.

4.4.12 As a result of the reducing level of debt outstanding both councils have been able to reduce the bad debt provisions this year (EHC £26k and SBC £162.4k) returning this to the revenue account for other purposes.

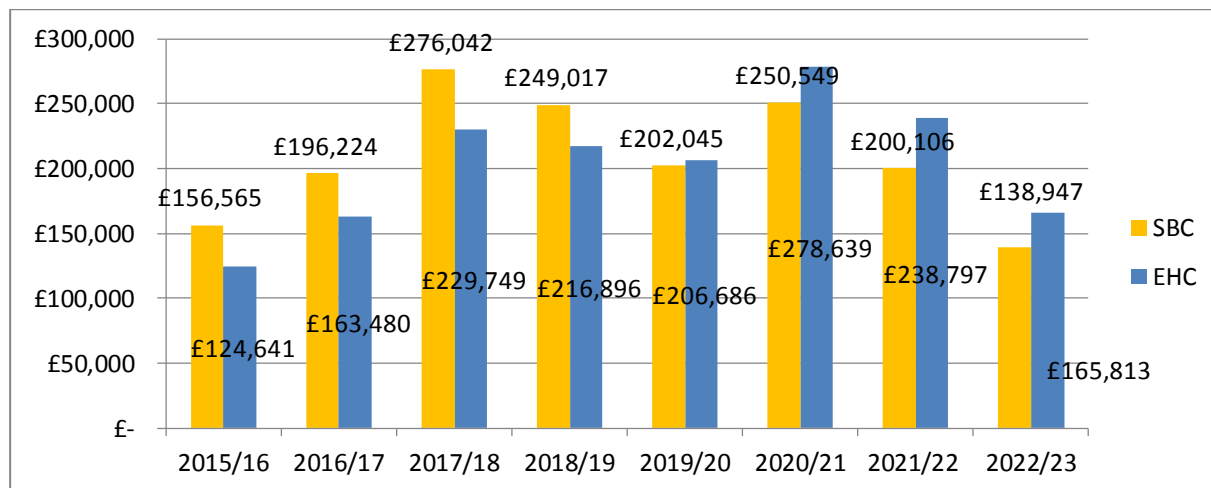
4.5 Discretionary Housing Payments (DHP)

4.5.1 The amount of DHP 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. There was 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.

4.5.2 The 2022/23 allocation is again being made in two tranches, an initial allocation (as shown below) and a mid-year allocation based on up to date case load data. What is clear however, is that the DWP's available funds

(£100m) are much reduced on last years (£140m), and this will inevitably create pressure and challenges for customers and officers alike. The 2022/23 allocation represents our share of the initial £98m released, so it is not expected to change too significantly when the Government allocate the remaining £2m.

Table 12: Changes in levels of DHP grants from Government



4.5.3 The majority of successful awards in 2022/23 reflected pressure on households affected by the spare room subsidy restriction, and those in receipt of universal credit. This pattern is expected to continue.

Table 13: DHP applications

2021/22	SBC	EHC
Received	544	641
Rejected	212	284
Benefit Cap	21	41
Under occupation subsidy	140	107
Universal credit	118	122

4.6 Housing Benefit caseload

4.6.1 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 2021/22 of 11% for each Council.

Table 14: SBC Housing Benefit caseload movements

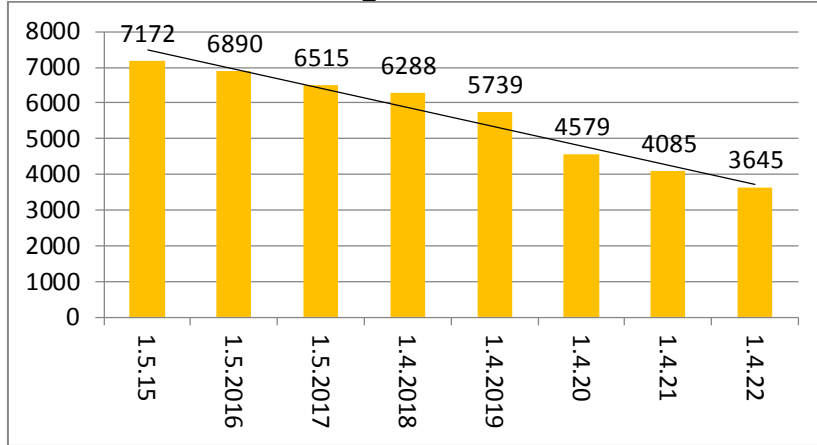
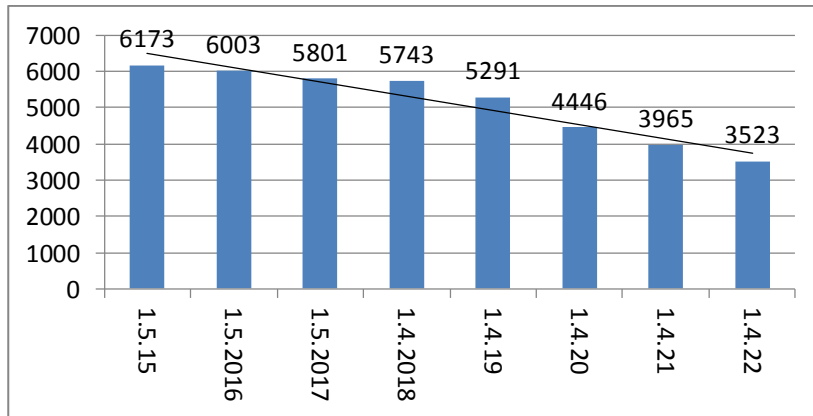


Table 15: EHC Housing Benefit caseload movements



4.7 Council Tax Support

4.7.1 The overall caseload had increased during 2020/21, as was expected as a result of the impact of the pandemic. However with the ending of Government furlough payments and other business support measures we have now seen a further fall. Last year the Government made payments to Local Authorities and their preceptors to support the pressure that the additional caseload brings to the collection fund, but no such announcement is expected this year.

4.7.2 Overall SBC caseload reduced by 7.4%%, and East Herts by 8.7%.

Table 16: SBC CTS Caseload

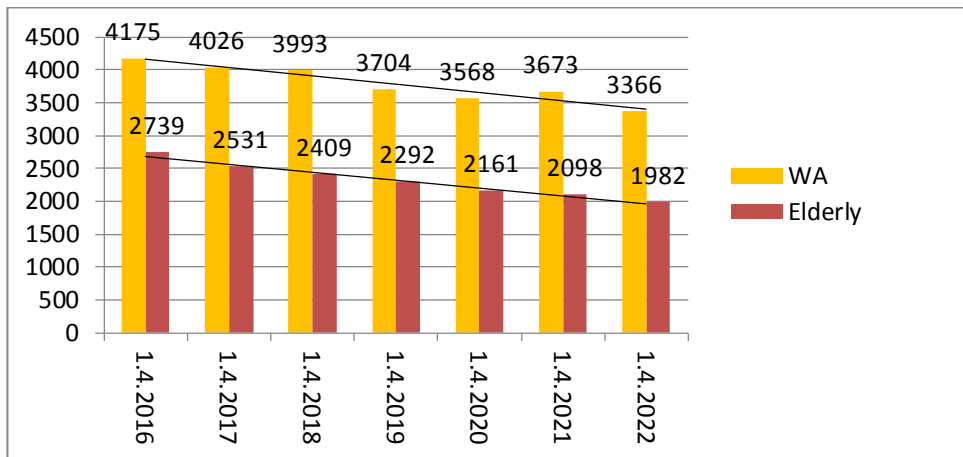
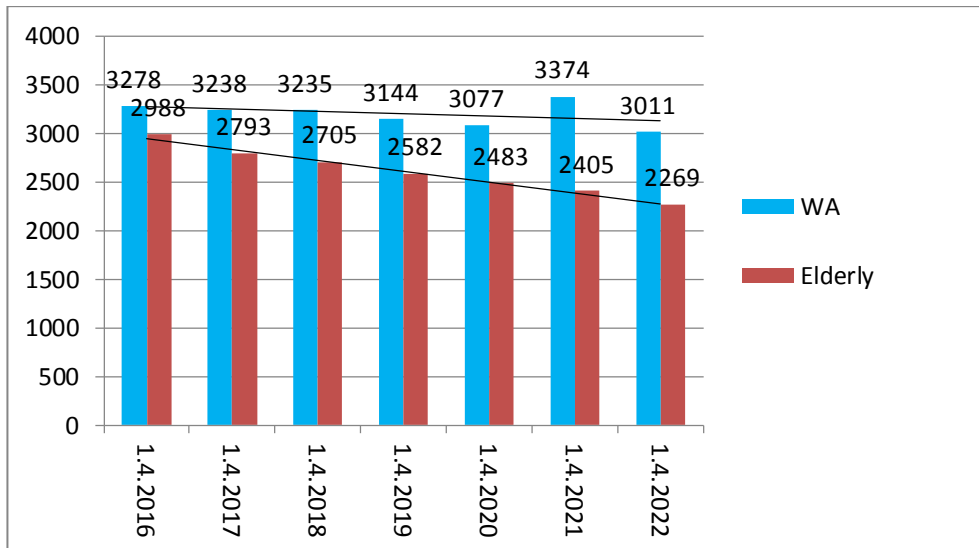


Table 17: EHC CTS Caseload



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

4.7.4 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.

4.7.5 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. 2021/22 saw a reduction in the collection of CTS case council tax, this mirrors the downward pressure on the main Council Tax collection rates.

4.7.6 The Government introduced and funded by grant a CTS hardship scheme for 2020/21 which enabled up to £150.00 to be allocated to each working age CTS claim. This was capped by their outstanding liability. Unspent funds from this grant are being rolled into 2022/23 and are being used to support hardship applications identified through Council Tax and DHP applications.

Table 18: Working Age CTS collection rates

EHC		All WA	Max	General
		CTS	WA CTS	
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%
2020/21		78.91%	70.13%	97.10%
2021/22		73.85%	68.48%	97.10%
SBC		All WA	Max	General
		CTS	WA CTS	
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%
2020/21		74.24%	71.81%	95.10%
2021/22		71.46%	71.59%	94.50%

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

4.7.8 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 2023 shortly.

4.8 Verification of Earnings and Pensions (VEP)

4.8.1 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, Housing Benefit Matching Service, Self-Employment Income Support Scheme & Housing Benefit Awards Accuracy

initiative. The target groups for these are high risk tenancies i.e. temporary (hostel type); earned income and self-employed.

- 4.8.2 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.
- 4.8.3 Once again funding has been received to support LA's in obtaining resources to carry out VEP work. For 2021/22 this amounted to £53.6k, however for 2022/23 this is reduced to £48.4k. This funding is reducing each year, and we hope that the number of cases referred to us reduces accordingly.
- 4.8.4 This activity inevitably identifies overpayments of Housing Benefit and Council Tax support which need to be recovered. (See 4.4.1 above)
- 4.8.5 The DWP are also requiring Councils to do ad hoc targeted work when they consider there is a high risk of fraud and error

4.9 Universal Credit

- 4.9.1 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 housing costs 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, and it has been some considerable time since this was last mentioned. This level of uncertainty impacts on service design, resources and future planning for LA's.
- 4.9.2 There are still some working age client groups who will not move onto universal credit, including those in temporary, emergency and supported accommodation. There remains no indication of any scheme for pensioners who will until further notice remain eligible for Housing Benefit.

4.10 Council Tax.

- 4.10.1 The Council Tax service has supported the Business rates grants project work since March 2020, and accordingly this significant workload has impacted on performance in this area. It was hoped that 2022/23 would see the service returning to some normality with an opportunity to recover from the impacts of Covid related work, but the Government has announced an Energy rebate scheme to be delivered by the service, as it is predominantly based on occupation of a property in band A-D.

- 4.10.2 The scheme falls into three main areas;
- (i) £150.00 rebate to be credited to the bank account of customers who pay their council tax by direct debit
 - (ii) An application based scheme for residents who do not pay their council tax by direct debit
 - (iii) A discretionary scheme to offer some support to some residents in bands E-H, or top up vulnerable residents in bands A-D etc Funding provided is cash limited and if awards are made at £150.00 they will be limited to 1630 for East Herts and 1077 for Stevenage.

4.10.3 The size of the scheme is significant. And the table below gives indicative figures.

Table 19:

At 31.3.22	SBC	EHC	Totals
Properties	37,976	65,083	103,059
Properties in Band A-D	33,385	39,336	72,721
of which pay by DD	20,001	28,483	48,484
non DD payers	13,384	10,853	24,237
Properties in Band E-H	4,591	25,747	30,338

4.10.4 Once again the service is required to divert significant resources to manage a project for which its IT systems and processes are not designed. The Government have made some new burdens money available but this does not translate into qualified staff.

4.10.5 There are various exclusions to the scheme (empty homes, second homes, properties where the liable person is a council etc) , and many more which will require substantial manual intervention. This is in addition to pre and post payment assurance activities which need to be undertaken. The impact on the service should not be underestimated.

4.10.6 Council Tax performance measure looks at the proportion of the current years liability collected in that year. For 2021/22 Stevenage collection rate was 94.5%, and East Herts 97.1%. SBC 0.6% lower than 2020/21 and EHC remaining the same.

4.10.7 In 2021/22 the combined collectable debit for EHC & SBC increased by over £9.7m. (EHC £6.8m & SBC £2.9m). For Stevenage the collectable debit was £53.8m and EHC £121.8m. Customers are now experiencing

ongoing increases in council tax and the additional adult social care charge levied by HCC adds to the cost of this tax for each household. It can be anticipated that the increase in energy costs and inflation pressures will make it harder for many households to pay their council tax liability.

- 4.10.8 The number of actual properties in the tax base also increased by 787 between 1.4.21 and 1.4.22. With the increasing levels of council tax and the cost of living challenges, we anticipate greater problems in collection in the coming year.
- 4.10.9 Since March 2020 various factors have impacted on the services ability to collect liabilities. These include the Courts closing for a period which prevented any summons being raised, and Enforcement Agents were significantly restricted in their normal range of activities. Whilst the courts have now reopened there are new limitations on accessibility etc. which is restricting further the ability to recommence recovery procedures in the usual way.
- 4.10.10. 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.
- 4.10.11 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 20: Stevenage Council Tax arrears

SBC	31.3.2022	31.3.21	prior year change
Pre 2003	-£ 763	£ 569	£ - 1,332
2003-2007	£ 27,595	£ 46,463	£ - 18,868
2008-2012	£ 207,029	£ 261,082	£ - 54,053
2013-2017	£ 974,998	£ 1,161,140	£ - 186,142
2018-2021	£ 2,881,883	£ 4,131,388	£ - 1,249,505
Pre 1.4.2021	£ 4,090,742	£ 5,600,642	£ - 1,509,900
.2021/22	£ 2,861,716		
at 31.3.2022	£ 6,952,458	£ 5,600,642	£ 1,351,816

Before adding the 2021/22 arrears, £1,509,900 of prior year debt has been recovered.

Table 21: East Herts Council Tax arrears

EHC	31.3.2022	31.3.21	prior year change
Pre 2003	£ 822	£ 4,643	£ - 3,821
2003-2007	£ 76,907	£ 93,641	£ - 16,734

EHC	31.3.2022	31.3.21	prior year change
2008-2012	£ 205,732	£ 241,368	£ - 35,636
2013-2017	£ 882,625	£ 1,059,782	£ - 177,157
2018-2021	£ 3,075,305	£ 4,709,363	£ - 1,634,058
Pre 1.4.2021	£ 4,241,391	£ 6,108,797	£ - 1,867,407
.2021/22	£ 3,286,611		
at 31.3.2022	£ 7,528,002	£ 6,108,797	£ 1,419,204

Before adding the 2021/22 arrears, £1,867,407 of prior year debt has been recovered.

4.10.12 The tables demonstrate that significant inroads into prior year arrears were achieved in 2021/22, and whilst some of these were deemed non recoverable and written off, the overall level of pre 2021/22 debt was reduced.

4.10.13 The service has sought to support customers through this unprecedented period by rescheduling payments, allowing increased flexibility and deferring arrangements. Directing customers to support agencies, government funding schemes and awareness of hardship support has also been achieved.

4.10.14 Both Councils applied the premium to properties which have been empty for more than two years. EHC increased this to the maximum allowed (100% for property empty 2 years but less than 5, 200% for 5 years but less than 10 and 300% for properties empty for 10 or more years) from 1 April 2022, whilst SBC retained the premium at 50%. At 31.3.22 SBC charged the premium on 89 properties and EHC 130.

4.10.15 The service also carried out an in-house review of empty homes, which increases the number of properties on which New Homes Bonus would be eligible.

4.10.16 The service in conjunction with Capacity Grid carried out a review of recipients of Single Person Discounts. Almost 32.5k properties were screened to confirm entitlement. (EHC 19.7k, SBC 12.8). Those cases which were of high risk were then sent letters to complete an online review form.

4.11 Business Rates

4.11.1 In 2020/21 a raft of reliefs were announced in response to the Covid-19 pandemic, and these continued with new iterations throughout 2021/22. These have been many and various and the table below highlights some of the numbers and values involved.

- 4.11.2 The service has had to repeatedly design various discretionary schemes for the distribution of grants in addition to the mandatory awards.
- 4.11.3 The Governments high and demanding expectations of authorities' ability to administer these schemes which are complex and very resource intensive have been unremitting. The Business rates system was not designed to administer grants, or hold the level or type of information required by the Government. Grants have also been made available to businesses which are not liable for Business Rates and therefore are previously unknown to the Council.
- 4.11.4 The prevention of fraud and error whilst managing customer's expectations on speed of distribution has also been a challenge. The schemes have continued to be announced by Government before the local authorities have received any information, and thus customer dissatisfaction and frustration has been aggravated, and directed at officers. However the service has worked together to achieve significantly high performance over a very long period.
- 4.11.5 Inevitably this constant drain on resources has impacted on the services ability to carry out its own core functions and achievement of collection rates, as although the Government have provided new burdens funding to support administration costs this does not materialise new qualified staff.
- 4.11.6 The majority of these projects are completed, but it will take a period of time to recover the usual workflows to their previous levels of efficiency.
- 4.11.7 The table below summarises the variety of grants and values paid out since March 2020.

Table 22:

	EHC		SBC	
	Value	Number	Value	Number
LRSG Addendum 5.11.20-2.12.20	£ 1,644,096.00	1000	£ 704,142.00	388
LRSG Addendum 19.12.20 to 4.1.21 (17 days)	£ 983,225.13	987	£ 423,062.84	384
LRSG Addendum 5.1.21 6 week payment	£ 2,495,148.00	1009	£ 1,060,713.00	389
LRSG Addendum 16.2.21 44 day payment	£ 2,598,082.00	1004	£ 1,101,205.00	387
LRSG SECTOR	£ 5,571.42	2	£ 2,714.28	1
ARG	£ 1,280,450.00	309	£ 572,450.00	155
ARG2	£ 981,525.07	408	£ 470,500.00	259
ARG3	£ 2,063,215.00	406	£ 2,177,101.00	558

	EHC	EHC	SBC	SBC
ARG4	£ 1,604,861.00	701		
WET PUBS	£ 66,000.00	66	£ 12,000.00	12
LRSO CLOSED	£ 19,839.05	21	£ 2,429.79	3
LRSO OPEN	£ 151,532.44	241	£ 36,376.86	57
Closed Business Lockdown payment	£ 4,983,000.00	1008	£ 2,121,000.00	389
Restart Grants	£ 7,490,722.00	938	£ 2,830,023.00	357
Omicron L @ H grant	£ 1,152,054.00	326	£ 392,678.00	98
Retail grants	£ 12,820,000.00	673	£ 4,995,000.00	249
Small business grants	£ 17,080,000.00	1708	£ 6,500,000.00	630
Discretionary grants	£ 1,569,500.00	173	£ 552,500.00	59
Grants Paid	£ 58,988,821.11	10,980	£ 23,953,895.77	4,375

4.11.8 The performance measure looks at the proportion of the current years liability collected in that year. In 2019/20 we reported the highest collection rates for many years, these dipped slightly in 2020/21 but in 2021/22 some ground was recovered. 2021/22. Stevenage collection rate was 98.39 (up 2.9% on 2020/21), and East Herts 96.95, (up 2.85%).

4.11.9 The tables below shows some of the headline values at 31.3.2022

Table 23: Business Rates liabilities and reliefs

	SBC	EHC
Gross rates	£ 50,966,629	£ 57,152,843
Transitional reliefs	£ 454,799	-£ 44,924
Empty reliefs	-£ 1,443,942	-£ 1,970,206
Mandatory relief	-£ 5,052,771	£ 12,881,499
Discretionary relief	-£ 186,271	-£ 211,319
Government funded specific relief	-£ 7,203,145	-£ 9,442,717
Net yield to collect	£ 37,535,299	£ 58,365,176

Table 24: Mandatory reliefs granted

Mandatory Relief	Explanation	SBC 2020/21	EHC 2020/21
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	-£ 1,443,942	-£ 1,970,206
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)	£ 1,069,869	£ 890,770
Small Business rates relief	A Mandatory Relief for Small Businesses under £12,000 rateable value	-£ 2,114,280	-£ 6,816,694
Charitable (Sec 43(5))	A Mandatory Relief where the organisation is a charity or would be considered to be a charity	-£ 2,555,406	-£ 4,796,601
Sports Clubs (sec 43(5))	A Mandatory Relief (43(5)) for registered Community Amateur Sport Clubs	-£ 9,011	-£ 151,845
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		-£ 36,922

4.11.10 In addition to the collection of current year liabilities the Business Rates team continue to focus on old year debts. This year despite the pandemic a further £1.9m was recovered. The closure of courts, restrictions on enforcement agent's activities and the unprecedented issues arising from the situation did not prevent recovery in this area.

4.11.11 The position can be improved upon as and when the economic situation and workload pressures return to pre Covid levels.

Table 25: Changes in prior year arrears.

31.3.2022	East Herts	Stevenage	Total
Opening balance of <i>all years</i> arrears at 1.4.2021	£ 2,590,792	£ 1,308,972	£ 3,899,764
closing balance at 31.3.22	£ 1,376,508	£ 525,959	£ 1,902,467
Change in arrears	£ 1,214,284	£ 783,013	£ 1,997,297
Arrears for 2021/22 year	£ 1,095,546	£ 583,814	£ 1,679,360
Total arrears	£ 2,472,054	£ 1,109,773	£ 3,581,827

4.12 RV Finder

- 4.12.1 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.
- 4.12.2 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 contributes to the cost of both the core information system and towards each rateable value identified.
- 4.12.3 However, there are increasing pressures on the RV across the country.
- 4.12.4 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.

4.13 Other activity

- 4.13.1 The BID for Bishop's Stortford went live in October 2018. The service support colleagues in Finance in supporting the billing and query resolution this project generates.
- 4.13.2 The team continues to develop and enhance the quality of the service provided. One route supporting this is academic study. Team members have been studying for their professional exams. This ensures that this complex and demanding area is best served by qualified and knowledgeable officers.

4.14 Digital

- 4.14.1 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.

- 4.14.2 Currently East Herts and Stevenage customers can self-serve a range of services for Housing Benefit, Council Tax and Business Rates. 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.
- 4.14.3 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 2022.

Table 26: Take up of digital options

	EHC					
	Jul-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Registered accounts	3100	5586	10563	15480	20969	26687
Council Tax: Online DD's	351	2384	6324	10637	15867	22067
Online CoA	454	2695	7237	11572	17185	23115
E Billing	378	726	1393	2152	3212	4216
Benefits :	112	185	296	432	562	666
Landlords	25	34	47	53	62	71
Business Rates	24	45	74	117	174	308

	SBC					
	Jul-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Registered accounts	164	1226	3437	5725	8030	11035
Council Tax: Online DD's	60	726	2234	4137	6164	8974
Online CoA	76	492	1570	2840	4277	5819
E Billing	8	116	410	770	1148	1565
Benefits :	4	43	114	192	280	322
Landlords	1	4	13	20	31	34
Business Rates	0	4	8	62	94	120

- 4.14.4 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'.

4.14.5 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.

4.15 Service plan objectives 2022/23

4.15.1 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.

4.16 Supporting customers

4.16.1 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.

4.17 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
Internal: Council Tax	GOOD	GOOD
Internal: Business Rates	GOOD	GOOD
Internal: Housing Benefit	GOOD	GOOD
External : HB subsidy claim (subject to audit)	Audit pending	Audit pending

4.19 Staff

4.19.1 The ending of Covid restrictions saw a jump in resignations and early retirements and accordingly the service is struggling to recruit. We are not alone in this and accordingly the availability of replacement staff or even agency cover is extremely difficult. Those agency staff that become available are being offered at extremely high hourly rates, and in some case 'gazumping' is taking place between employers.

4.19.2 At the time of writing we have four maternity leave vacancies and four permanent vacancies, six of which are Benefit officers. This level of vacancy clearly has an impact on performance and accordingly alternative solutions are being sort.

4.19.3 The service is keen to explore digital and robotic solutions to processing which would reduce resource pressures also.

4.20 **Expansion**

4.20.1 As Members will be aware we have been approached by two other local authorities to join the shared service. Work continues on the business case which when completed will be brought to members to consider.

4.21 **Outturn budget for 2021/22**

4.21.1 The table below shows the outturn for both 2020/21 and 2021/22, and the initial budget for 2022/23.

Table 28: Shared service budgets

REVENUES & HOUSING BENEFITS	2020/21 outturn	2021/22 outturn	2022/23 Budget
	£	£	
- SHARED SERVICE			
EXPENDITURE			
Employees	3,497,971	3,428,729	3,506,790
Transport Related Expenses	13,280	13,199	16,350
Supplies & Services	194,698	239,107	234,760
Support Services & Divisional Costs	948,610	985,588	988,140
Expenditure Total	4,654,559	4,666,623	4,746,040
Income From Other Authorities	1,925,635	1,934,436	1,972,110
Government grant income	202,854	65,682	0
Section Recharge	2,526,070	2,666,505	2,773,930
Income Total	4,654,559	4,666,623	4,746,040

- 4.21.2 Overall there was an underspend on the budget of £11,568, but this would have been bigger but for Increases in recharges, (predominantly due to increased corporate IT costs).
- 4.22.3 In addition to these figures each Council received new burdens funding that was not pulled in to the shared service during the year (SBC £393k, & EHC 583k) these would otherwise be shown as underspends.

5 IMPLICATIONS

Financial Implications

- 5.10** The financial implications are contained within the report.

Legal Implications

- 5.2 None

Risk Implications

- 5.3 None

6. Background Papers None

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