

EAST HERTS COUNCIL

EAST HERTS COUNCIL AND STEVENAGE BOROUGH COUNCIL JOINT  
REVENUES AND BENEFITS COMMITTEE – 24 JUNE 2019

REPORT BY THE HEAD OF REVENUES AND BENEFITS SHARED SERVICE

ANNUAL UPDATE

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

To report to committee the position in the following areas:

- Performance reporting
- Other challenges
- Budget outturn

**RECOMMENDATION FOR EAST HERTS COUNCIL AND STEVENAGE  
BOROUGH COUNCIL JOINT REVENUES AND BENEFITS**

**COMMITTEE:** That

<b>(A)</b>	The report be received.
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1.0 Background

1.1 This report includes an overview of performance in 2018/19 of the Revenues and Benefits shared service and details future objectives and challenges.

2.0 Report

2.1 **Housing Benefit**

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

2.1.2 Stevenage N181 was 5.96 days the best result since at least 2009/10. With East Herts N181 of 6.65 days which was the best result since 2008/9.

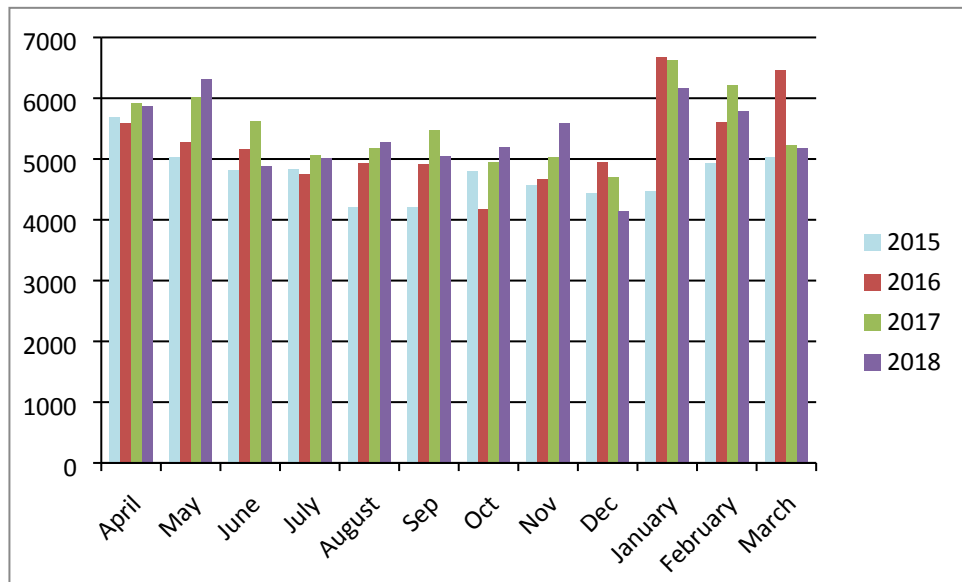
2.1.3 The objective of minimising processing time is twofold. Firstly to provide a good service to our customers, but also to avoid any subsidy penalties incurred if processing delays create overpayments for the customer. These are called 'admin delays', and when combined with any LA error overpayments 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 2018/19 pre audit the figures are demonstrated below, and demonstrate that 100% subsidy (pre audit) will be claimed.

**Table 1 LA error and admin delay**

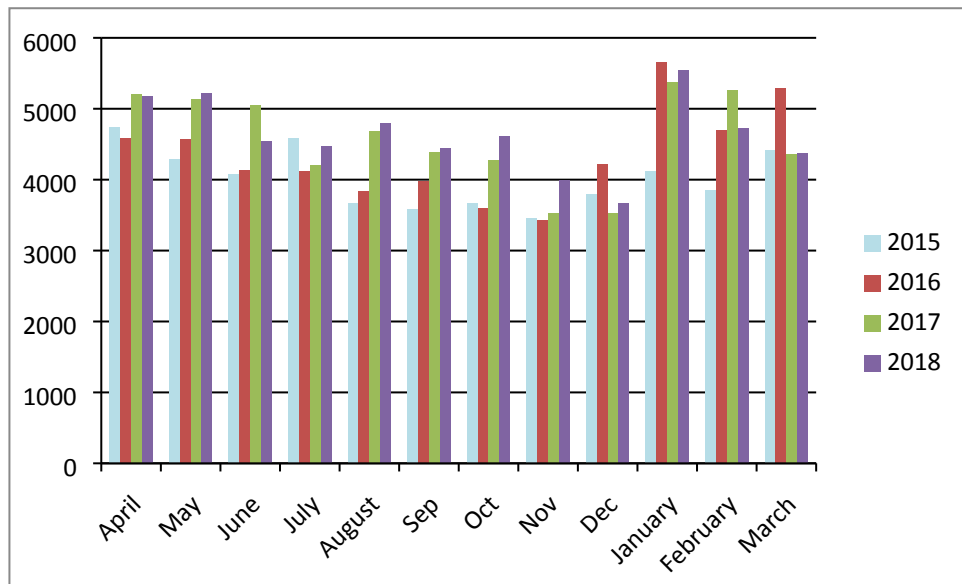
LA Error/Admin delay 2018/19. Pre audit	SBC	EHC
<b>Eligible Expenditure</b>	£ 29,862,540	£ 32,926,117
<b>0.48%</b>	£ 143,340	£ 158,045
<b>0.54%</b>	£ 161,258	£ 177,801
<b>Actual</b>	£ 96,345	£ 88,174

2.1.4 The N181 core indicator represents a significant achievement for the shared service in the face of the welfare reforms. The level of work received by the Housing Benefit team reduced marginally in 2018/19 following the reducing caseload. The overall level of HB post received in 2018/19 reduced by 969 items compared to 2017/18, a reduction of 0.8%. The total post received was 119976 items. (EHC 55577 and SBC 64399) The following graphs demonstrate the changes.

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



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



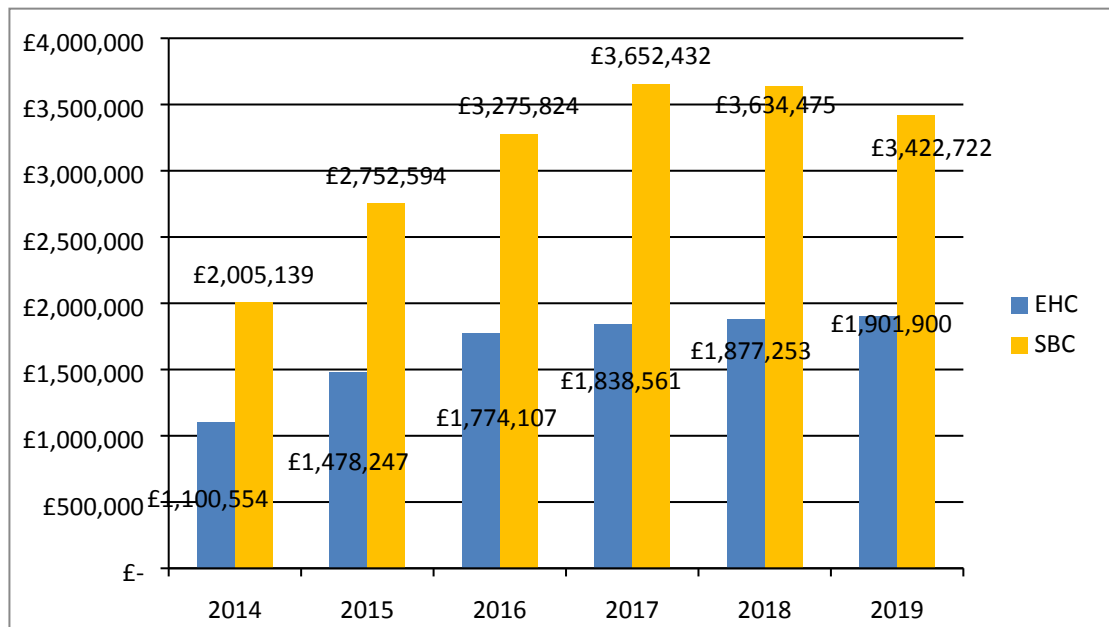
2.1.5 Post received includes new claims as well as change in circumstances. These include things like changes in earnings, tax credits, household composition etc. In 2018/19 each SBC claim experienced on average 11.6 changes per claim, and EHC 10.5 changes per claim.

2.1.6 **Housing Benefit subsidy-** The level of Housing Benefit claimed in subsidy reached £63.7m in 2018/19 (subject to audit), less than in 2017/18 (£ 65.8m) and reflecting the lower caseload, the restrictions on benefit entitlements, the 3<sup>rd</sup> year

of social sector rent reductions (1% per year for 4 years) and universal credit.

2.1.7 **HB Overpayments**-With the level of awards outlined above the value/level of overpayments is a constant pressure.

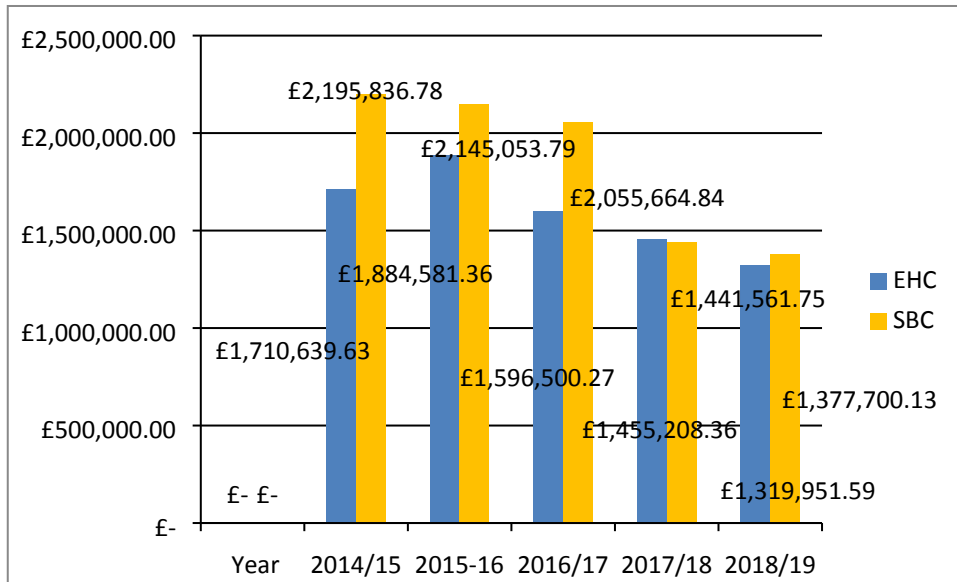
**Table 4: Overpayments outstanding at 1 April each year**



2.1.8 For the second year running the closing value of outstanding debts in Stevenage was less than at the beginning of the year. In contrast EHC has seen a substantial slowing in the level of debt outstanding.

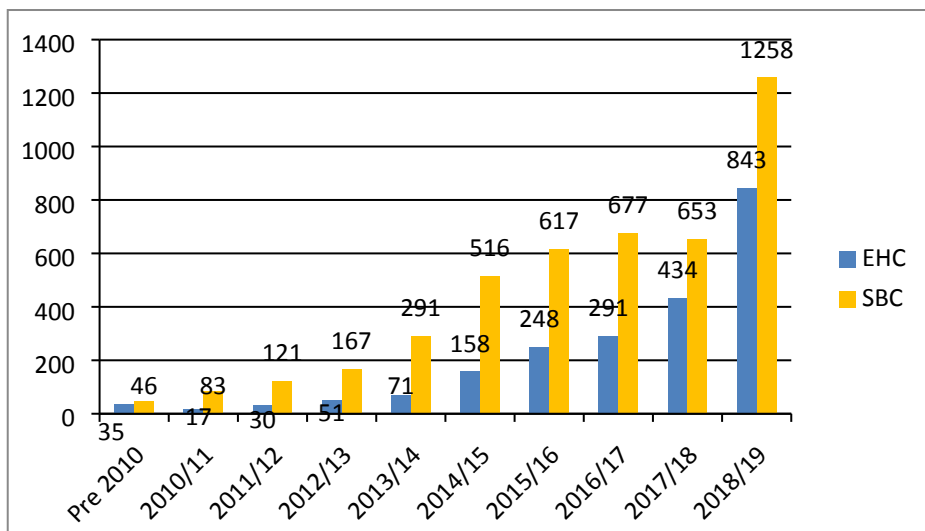
2.1.9 There is a significant difference in the level of outstanding debt at each LA. Looking at the value of debt raised in the last five years (below) demonstrates these differences. This period alone accounts for £1.2 million additional debt raised on SBC accounts. This can be attributed to a number of factors including the impact of the DWP's anti-fraud and error drive (see 2.3 below)

**Table 5: Debt raised**

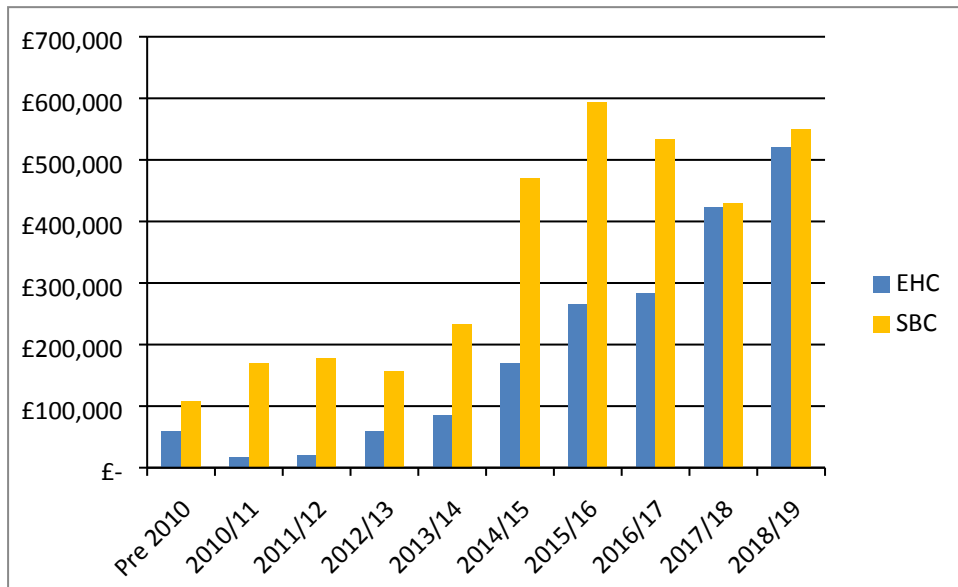


2.1.10 Looking at the debt outstanding by the date invoices were raised shows that this differential has been in place for many years.

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



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



2.1.11 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 30% (20% SBC and 29% 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.

2.1.12 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.

2.1.13 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 2019**

ALL at 31.3.19	%	Stevenage		%	East Herts	
		Number	Value		Number	Value
Total		4429	£ 3,422,723		2178	1,901,901
LIVE	20.25%	897	£ 763,562	29.34%	639	511,597
DORMANT	79.75%	3532	£ 2,659,161	70.66%	1539	1,390,304
LIVE AND CT		546	£ 482,646			
LIVE & PT		351	£ 280,916			
<b>LIVE &amp; FRAUD</b>	3.90%	35	£ 114,383	5.63%	36	110,632
LIVE/FRAUD CT		25	£ 83,452			
LIVE /FRAUD PT		10	£ 30,931			
DORMANT CT		1818	£ 1,185,620			
DORMANT PT		1714	£ 1,473,541			
<b>DORMANT FRAUD</b>	5.55%	196	£ 525,511	8.64%	133	324,817
DORMANT/FRAUD CT		101	£ 272,714			
DORMANT FRAUD PT		95	£ 252,797			

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

CT = Council Tenant

PT = Private tenant

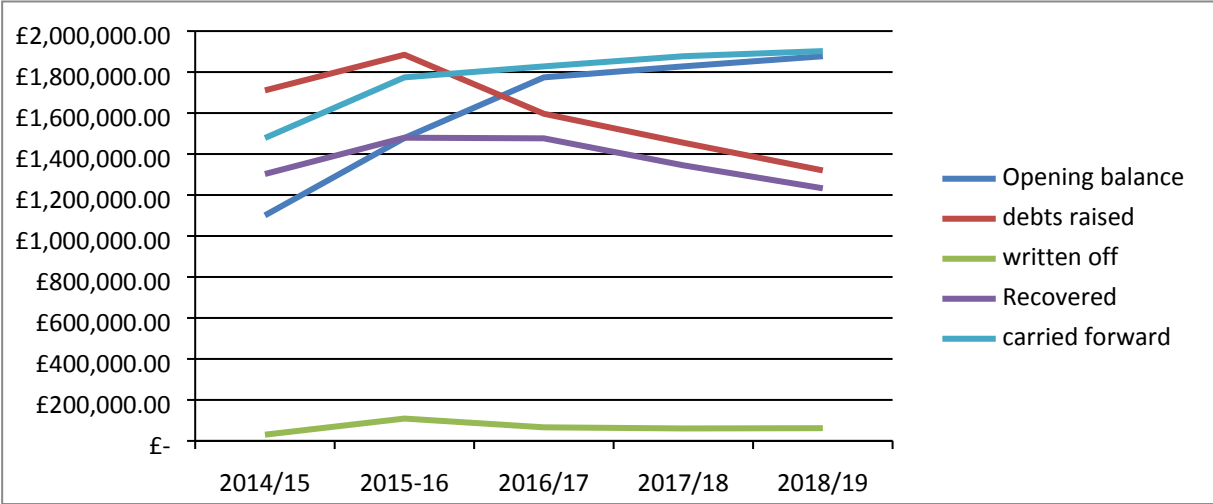
2.1.14 The maximum rates of recovery set by the DWP, are often reduced following negotiations with customers and their representatives where there are hardship issues.

2.1.15 There are a number of significant risks in relation to the collectability of these overpayments and they include:

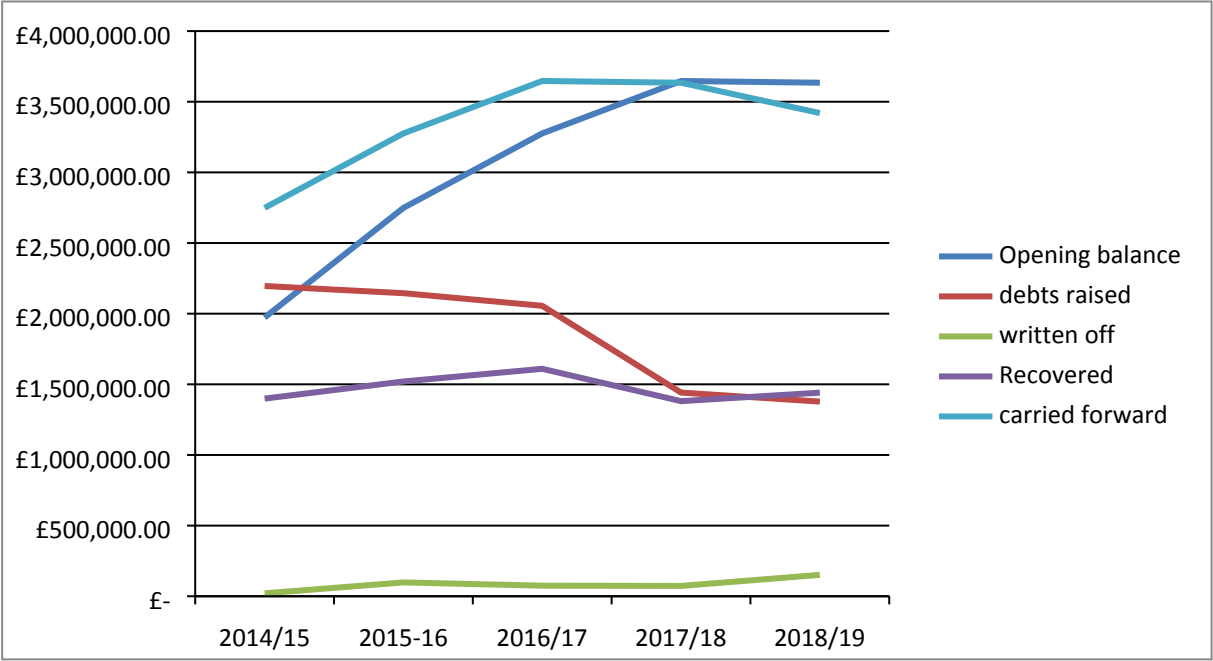
- The majority are not in receipt of Housing Benefit following the overpayment being accrued, and recovery is therefore more complex.
- The transfer of working age claims to Universal Credit will reduce further the shared service's ability to recover from ongoing benefit deduction, as this form of recovery will no longer be available to the service.

2.1.16 The following tables demonstrate the overpayment trends in recent years. It is worth noting that (Table 10) SBC debts have now made the golden link in that more money is being recovered than new debts being raised, and accordingly the debt outstanding is reducing. EHC (Table 9) demonstrates that the cross over is approaching.

**Table 9: Overpayments trends EHC**



**Table 10: Overpayment trends SBC**



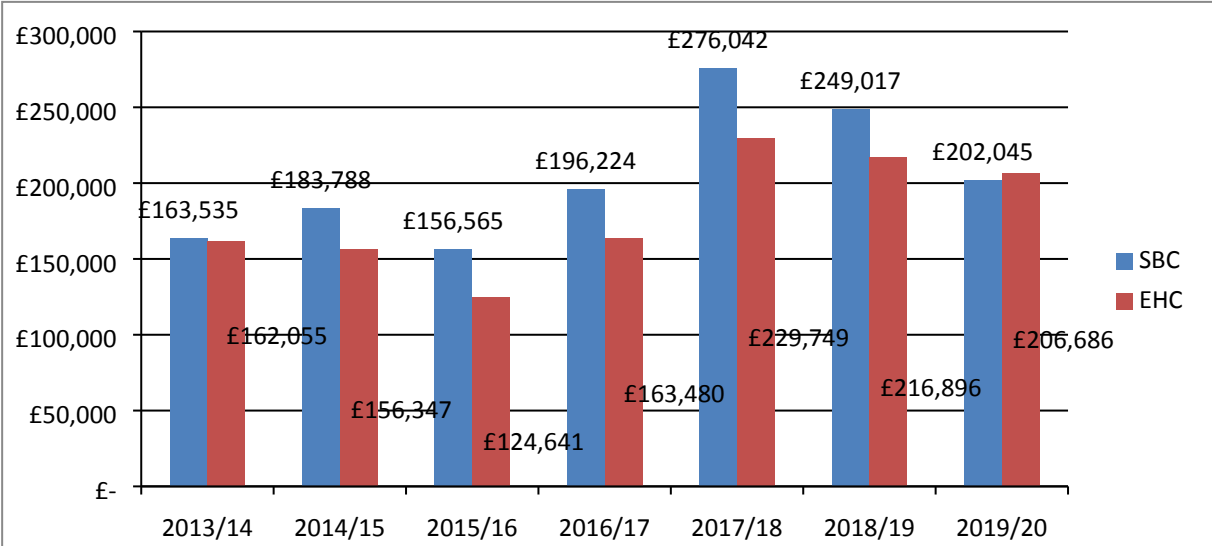
2.1.17 Further to paragraph 2.1.11 above bad debt provisions are also made on the balances outstanding and these represent 89% at Stevenage and 46% at East Herts. The less provision has to be made, the less the burden on the revenue budgets.



2.1.18 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.

2.1.19 **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 spend on each of these priorities. The award for 2019/20 reflects a reduction in the Governments overall grant to support over accommodated customers. The Government has also enabled universal credit customers (with 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**



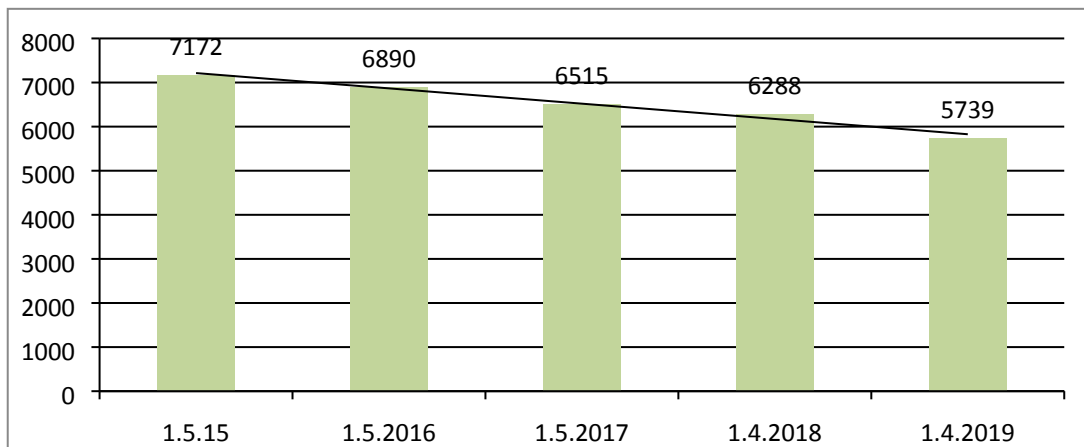
2.1.20 The majority of successful awards in 2018/19 reflected pressure on households affected by the spare room subsidy restriction and Benefit Cap. A similar pattern is expected in 2019/20 with additional claims expected for customers on universal credit.

**Table 12: DHP applications**

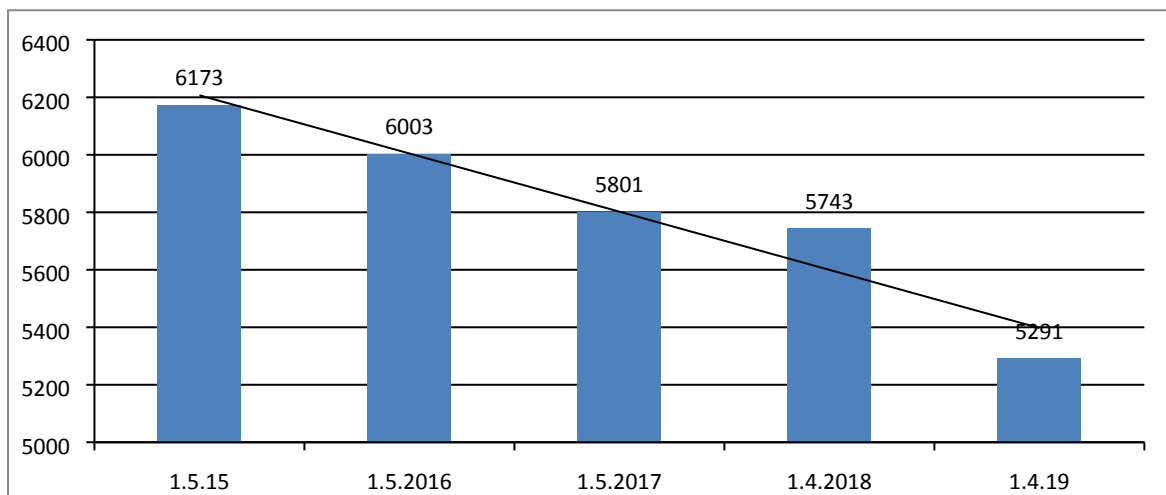
2018/19	SBC	EHC
Received	819	586
Rejected	182	125
Benefit Cap	44	51
Under occupation subsidy	200	105

**2.1.21 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 2018/19 of 8.73% (SBC) and 7.87% (EHC) respectively. (See 4.1.5 above)

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



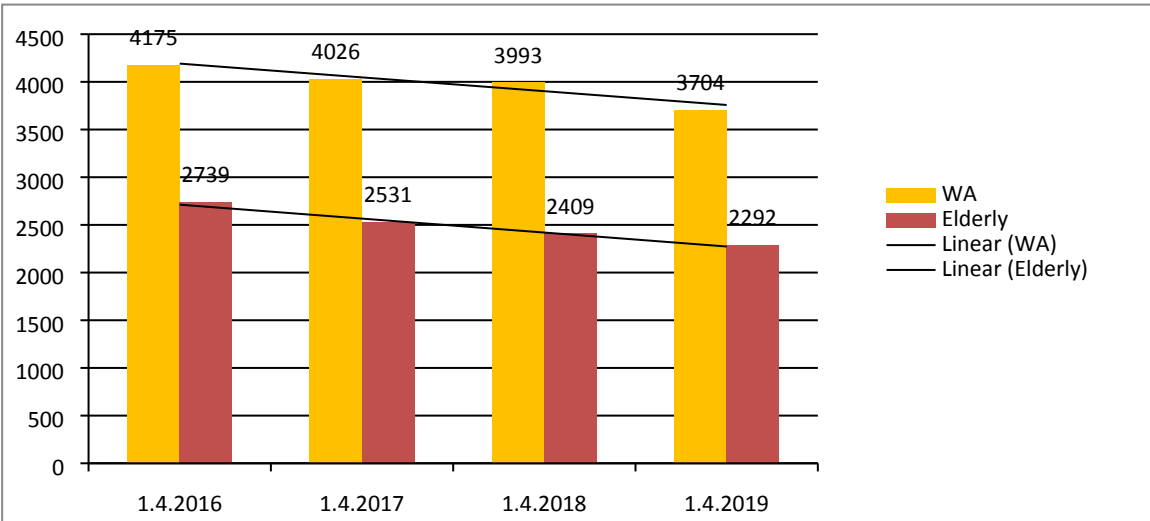
**Table 14: EHC Housing Benefit caseload movements**



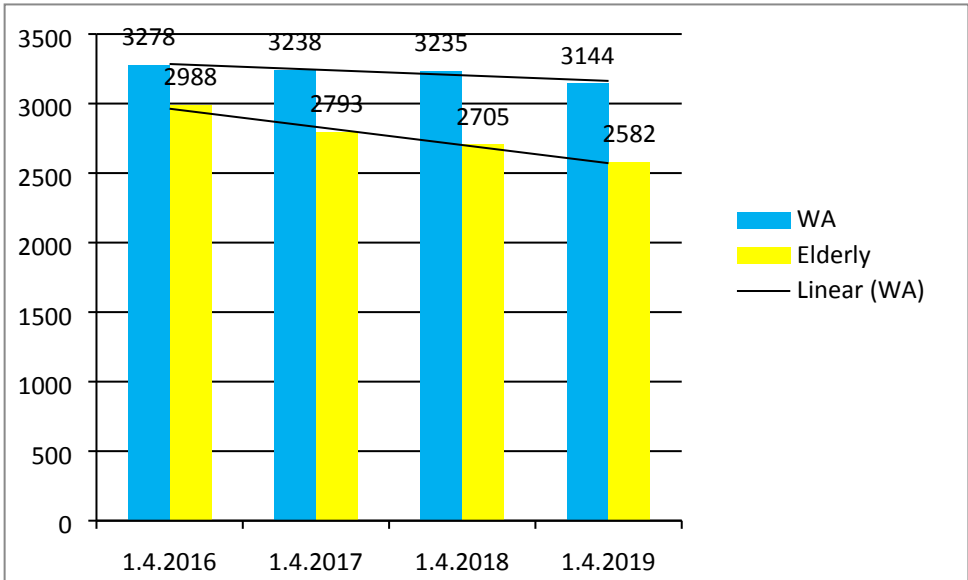
## 2.2 Council Tax Support

2.2.1 Reductions in caseload have been experienced in CTS, although there are variations. 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 16.4% and EHC 13.6%. Significant differences in the working age caseload reductions are shown with SBC 11.3% and EHC 4.1%. The cost of support in 2018/19 was £ 5.93m for SBC and £6.06M for EHC.

**Table 15: SBC CTS Caseload**



**Table 16: EHC CTS Caseload**



- 2.2.2 The collection of Council Tax Liability for CTS cases is more complex. Variations in awards generate new bills and revise collection arrangements.
- 2.2.3 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.
- 2.2.4 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. 2018/19 saw an improvement in the collection of CTS case council tax. Analysis is being done on the long term indebtedness of CTS customers who had arrears in 2018/19 to identify any trends or issues with recoverability.

**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%
<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%

- 2.2.5 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.
- 2.2.6 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 2020 shortly

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

- 2.3.1 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).
- 2.3.2 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. During 2018/19 we continued to receive RTI as well as VEP.
- 2.3.3 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.
- 2.3.4 Once again funding has been received to support LA's in obtaining resources to carry out VEP work. For 2019/20 this amounts to £82.5k
- 2.3.5 This activity inevitably identifies overpayments of Housing Benefit and Council Tax support which need to be recovered. (See 4.1.7 above)
- 2.3.6 The DWP are also requiring Councils to do ad hoc targeted work when they consider there is a high risk of fraud and error. In 2018/19 they required the service to review all self-employed cases and a small amount of new burdens funding was made available.

## **2.4 Universal Credit**

- 2.4.1 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, although they are planning a pilot of 10,000 of the 3.9m cases nationally, during 2019. This level of uncertainty impacts on service design, resources and future planning for LA's.
- 2.4.2 For the last two years the DWP had a partnership agreement with local councils to deliver services in relation to online claiming support, and personal budgeting, however from 1 April 2019 this all transfers to the citizen's advice service.
- 2.4.3 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.

## **2.5 Council Tax.**

- 2.5.1 The performance measure looks at the proportion of the current years liability collected in that year. For 2018/19 Stevenage collection rate was 96.2%, and East Herts 98.1%. These were both 0.2% lower than 2017/18 and consideration of this is discussed below.
- 2.5.2 In 2018/19 the combined collectable debit for EHC and SBC increased by over £9.9m. (EHC £6.97m and SBC £2.96m). For Stevenage the collectable debit was £46.7m and EHC £103.3m. 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 and the substantial increase for the Police service for 2019/20 all add to the cost of this tax for each household.

2.5.3 The number of actual properties in the tax base also increased by 1052 between 1.4.18 and 1.4.19, almost twice the increase in 2017/18. (747 East Herts and 305 SBC). 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.

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

2.5.5 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	31.3.2019	31.3.2018	prior year change ( ) = decrease
Pre 2003	£ 645	£ 2,597	(£ 1,952)
2003-2007	£ 80,331	£ 104,791	(£ 24,460)
2008-2012	£ 429,376	£ 541,252	(£ 111,875)
2013-2016	£ 1,897,541	£ 3,047,650	(£ 1,150,108)
<b>Pre 1.4.2018</b>	<b>£ 2,407,894</b>	<b>£ 3,696,290</b>	<b>(£ 1,288,396)</b>
2018/19	£ 1,737,700		
<b>at 31.3.2019</b>	<b>£ 4,145,594</b>	<b>£ 3,696,290</b>	<b>£ 449,304</b>

Before adding the 2018/19 arrears, £1,288,396 of prior year debt has been recovered.

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

EHC	31.3.2019	31.3.2018	prior year change ( ) = decrease
Pre 2003	£ 8,251	£ 7,000	£ 1,250
2003-2007	£ 129,798	£ 148,013	(£ 18,214 )
2008-2012	£ 376,342	£ 456,322	(£ 79,980 )
2013-2017	£ 1,778,889	£ 3,137,037	(£ 1,358,149)
<b>Pre 1.4.2018</b>	<b>£ 2,293,280</b>	<b>£ 3,748,373</b>	<b>(£ 1,455,093 )</b>
2018/19	£ 1,868,795		
<b>at 31.3.2019</b>	<b>£ 4,162,075</b>	<b>£ 3,748,373</b>	<b>£ 413,702</b>

Before adding the 2018/19 arrears, £1,455,093 of prior year debt has been recovered.

2.5.6 The tables demonstrate that significant inroads into prior year arrears were achieved in 2018/19, and whilst some of these were deemed non recoverable and written off, the overall level of pre 2018/19 debt was reduced.

2.5.7 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 £413k and EHC £1,070k.

2.5.8 Both Councils have now removed the relief given for properties left empty and substantially unfurnished, and those properties empty and uninhabitable.

2.5.9 Both Councils also apply the 50% premium to properties which have been empty for more than two years. At 31.3.19 SBC



charged the premium on 51 properties and EHC 136. The Government have enabled Councils to increase this premium further from April 2019 and further still from April 2020. No decision has yet been reached on adopting these proposals, as consideration has to be given as to the effectiveness of the existing premium in bringing properties back into use, the collectability of the additional charge and whether it encourages avoidance tactics.

2.5.10 The service also carried out an in-house review of empty homes, identifying 158 (SBC 46, 112 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.

2.5.11 The service in conjunction with Capacity Grid carried out a review of recipients of Single Person Discounts. Almost 30,000 properties were screened to confirm entitlement. (EHC 17.8k, SBC 12.5k). Those cases which were of high risk were then sent letters to complete an online review form. There were 1,370 (8%) for EHC and 1,572 (13%) for SBC including the NFI cases.

**Table 20: SPD removals and penalties**

<b>SPD</b>	<b>Stevenage</b>	<b>East Herts</b>
Removed	316	235
Penalties £	£8450	£9870
Penalties - No.	122	141

## **2.6 Business Rates**

2.6.1 The performance measure looks at the proportion of the current years liability collected in that year. Stevenage collection rate was 98.87%, the highest since before 2010/11, and East Herts 98.54, the highest since 2007.

2.6.2 The tables below shows some of the headline values at

31.3.2019

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

	SBC	EHC
<b>Gross rates</b>	£ 49,132,326	£ 55,948,200
<b>Transitional reliefs</b>	£ 1,624,661	-£ 607,288
<b>Mandatory relief</b>	-£ 5,500,008	-£ 10,878,998
<b>Discretionary relief</b>	-£ 157,817	-£ 239,619
<b>Government funded specific relief</b>	-£ 52,224	-£ 315,783
<b>Net yield to collect</b>	£ 45,046,939	£ 43,906,512

**Table 22: Mandatory reliefs granted**

Mandatory Relief	Explanation	SBC 2018/19	EHC 2018/19
Empty (sec 45)	A Mandatory Relief applied to properties which are empty – 3 months for Shop and Offices etc. and 6 months for Industrial type properties	£ 2,301,982	£ 1,593,020
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)	-£ 1,086,522	-£ 933,449
Small Business rates relief	A Mandatory Relief for Small Businesses under £12,000 rateable value	£ 1,947,879	£ 5,470,115
Charitable (Sec 43(5))	A Mandatory Relief where the organisation is a charity or would be considered to be a charity	£ 2,332,406	£ 4,625,097
Sports Clubs (sec 43(5))	A Mandatory Relief (43(5)) for registered Community Amateur Sport Clubs	£ 4,338	£ 81,374

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		£ 42,840
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2.6.3 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. Between April 2015 and April 2019, prior year arrears (including those generated in year) has reduced from £4.8m to £1.9m.

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

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

Opening balance of all - year arrears	East Herts	Stevenage	Total	Reduction on prior year position
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)

Arrears at 1.4.2019	East Herts	Stevenage	Total
pre 1.4.2018	£ 623,309	£ 203,019	£ 826,327
in year 2018-19	£ 636,787	£ 507,424	£ 1,144,211
Total	£ 1,260,096	£ 710,443	£ 1,970,539

## 2.7 Discretionary Rate relief and Other Reviews

2.7.1 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.

- 2.7.2 There are two more years of the revaluation relief to administer (2019/20 and 20/21), and new for 2019/20 and 20/21 is the introduction of retail relief which reduces bills for qualifying business by one third.
- 2.7.3 So far the service has granted retail relief to 406 businesses for EHC to the value of £1,210,598 and 171 cases for SBC totalling £579,926. Work continues to identifying any other business eligible for this support.
- 2.7.4 A review was also completed in 2018/19 to validate mandatory small business rate relief.

## 2.8 RV Finder

- 2.8.1 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.
- 2.8.2 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.
- 2.8.3 In 2018/19, the external company identified £163k new RV. This compares to the in-house team who also identified a further £1,375k new RV.

**Table 24: Rateable Value identified during 2018/19**

	East Herts	Stevenage	Total RV
INFORM	£ 49,015	£114,673	£ 163,688
Our Officers	£868,380	£507,495	£ 1,375,875
<b>TOTALS</b>	<b>£ 917,395</b>	<b>£ 622,168</b>	<b>£ 1,539,563</b>

- 2.8.4 However there are increasing pressures on the RV across the country.

2.8.5 Issues with avoidance and evasion continue, and the shared anti-fraud service still plan to carry out data matching on both LA's data, which may identify useful leads.

2.8.6 The team identified a fraud which was reported nationally through the anti- fraud network. This may have been money laundering or credit card fraud but the early identification will have frustrated their efforts.

## 2.9 **Other activity**

2.9.1 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.

2.9.2 The team continues to develop and enhance the quality of the service provided. One route supporting this is academic study. One team member has a final exam to sit in June and two further staff will commence their training in October. This ensures that this complex and demanding area is best served by qualified and knowledgeable officers.

## 2.10 **Digital**

2.10.1 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.

2.10.2 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*

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

- Arrangements e-notifications -*A taxpayer or ratepayer entering into a special payment arrangement can be offered the option of receiving all associated documentation electronically.*
- 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.*
- 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- due to go live in May 2019*

2.10.4 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.

2.10.5 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 2019.

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

	EHC			SBC		
	Jul-17	Mar-18	Mar-19	Jul-17	Mar-18	Mar-19
Registered accounts	3100	5586	10563	164	1226	3437
Council Tax: Online DD's	351	2384	6324	60	726	2234
Online CoA	454	2695	7237	76	492	1570
E Billing	378	726	1393	8	116	410
Benefits :	181	277	394	6	58	115
Landlords	28	37	44	1	9	41

2.10.6 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'.

2.10.7 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.

## 2.11 Single Fraud Investigation Service (SFIS)

2.11.1 The DWP's single fraud investigation service subsumed the Benefits fraud team from the 1 May 2015 for both Stevenage and East Herts.

2.11.2 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.

2.11.3 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.

2.11.4 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 and tenancy matters (including homelessness/housing applications) where there is suspicion of fraud.

## **2.12 Service plan objectives 2019/20**

2.12.1 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.

## **2.13. Print and post contract**

2.13.1 The cross council corporate digital print and post contract is now live, and the shared service is leading on the roll out. The service is already using the new supplier for bulk printing of reminders and summons, whilst engaging with them on the preparation work for the 2020 year end/annual billing. Progress is being made on our daily print work and it is anticipated that, taking a phased approach, this will commence



in May. Savings have already been realised following a reduction in staff.

## 2.14 Enforcement framework

2.14.1 The service is exploring with other Councils the scope to set up an Enforcement partnership. This is in the early days of discussion and accordingly is yet to be evaluated.

## 2.15 Supporting customers

2.15.1 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.

## 2.16 Freedom of information requests

2.16.1 The service continues to be a focus for many FOI requests, these are time consuming and expensive to respond to. Interestingly at East Herts, the service receives approximately 15% of all FOI's submitted to the Council. Many of these are Business Rates related, where private companies seek information for their business activities.

**Table 26: Freedom of information requests**

	EHC	SBC
2016/17	102	85
2017/18	82	74
2018/19	133	64

## 2.17 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

<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>	Audit reduced claim by £99.	Error identified – reduced by £142

## 2.18 Outturn budget for 2018/19

2.18.1 The table below shows the outturn for both 2017/18 and 2018/19, and the initial budget for 2019/20.

**Table 28: Shared service budgets**

<b>REVENUES AND HOUSING BENEFITS</b>	<b>2017/18 Outturn £</b>	<b>2018-19 Outturn £</b>	<b>Original Budget 2019/20 £</b>
<b>- SHARED SERVICE</b>			
<b>EXPENDITURE</b>			
<b>Employees</b>	£ 3,528,672	£ 3,148,440	£3,212,000
<b>Transport Related Expenses</b>	£ 16,015	£ 17,488	£16,350
<b>Supplies and Services</b>	£ 213,647	£ 217,429	£242,950
<b>Support Services and Divisional Costs</b>	£ 1,155,460	£ 1,168,060	£834,150
<b>Expenditure Total</b>	<b>£ 4,913,794</b>	<b>£ 4,551,417</b>	<b>£4,305,450</b>
<b>Income From Other Authorities</b>	£ 1,557,530	£ 1,679,128	£1,849,954
<b>Section Recharge</b>	£ 3,356,264	£ 2,872,289	£2,455,496
<b>Income Total</b>	<b>£ 4,913,794</b>	<b>£ 4,551,417</b>	<b>£4,305,450</b>

2.18.2 A review of the costs of the shared service is ongoing which will impact on the 2019/20 budget. Members will be advised when this is completed. The service continues to look for savings and efficiencies.

2.18.3 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>2018/19</b>	<b>In year underspend (overspend)</b>
<b>SBC contribution</b>	£73.070
<b>EHC contribution</b>	£73.070
<b>Total</b>	£146,140

### 3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

#### Background Papers

None

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

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