

East Herts Council Report Template

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

Date of Meeting: 9 September 2024

**Report by: Interim Head of Revenues and Benefits
Shared Service**

Report title: Annual update

Ward(s) affected: All

Summary

- To update the Committee on the 2023/24 Shared Revenue and Benefits Service including, performance of the service during the year, the in-year challenges and the 2023/24 budget outturn position.

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

(A) That the report be noted.

1.0 Background

- 1.1 The shared service has been in operation since August 2011.
- 1.2 This report includes an overview of performance in 2023/24 of the Revenues and Benefits shared service and details future objectives and challenges.
- 1.3 Since March 2020 the service has been significantly impacted by additional work required initially as part of the Governments response to the Covid 19 pandemic, and subsequently other national challenges including the energy crisis. 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.
- 1.4 The report also sets out potential opportunities for the service going forward.

2.0 Reasons for Recommended Course of Action and Other Options

Housing Benefit

- 2.1 **Housing Benefit processing. (N181)** - This performance indicator measures the average processing time for new claims and changes in circumstances.
- 2.2 For the 2023/24 financial year Stevenage N181 was 4.7 days and East Herts N181 was 5.4 days. This is the best performance since before the shared service was set up.
- 2.3 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 2023/24 pre audit the figures are demonstrated below confirming that 100% subsidy (pre-audit) will be claimed.

Table 1: LA error and admin delay (pre-audit)

LA Error/Admin	SBC	EHC
Eligible Expenditure	£ 20,545,678	£ 22,460,176
0.48%	£ 98,617	£ 107,809
0.54%	£ 111	£ 121,285
Actual	£ 37,115	£ 22,939

- 2.4 The N181 core indicator represents a significant achievement for the shared service.
- 2.5 The overall level of HB post received in 2023/24 reduced by almost 7% reflecting changes in caseloads, and accordingly the service has been able to downsize by 1.8 FTE posts from 2023/24 in response.

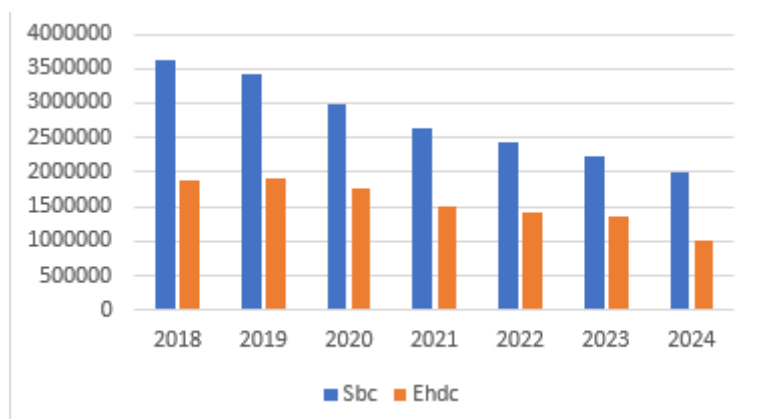
- 2.6 The total post received was over 129k items. (EHC 67k and SBC 62k). Post received includes things like changes in earnings, tax credits, household composition etc.
- 2.7 It is normal in the first quarter of the financial year for outstanding work levels to increase as an increase in new claims is seen after the issuing of the council tax bills for the new financial year. There is also an influx of changes in circumstances where legacy benefit awards and housing providers increase rents for the new financial year. Whilst work plans were formulated to address these backlogs for both LA's the delays were exacerbated by the withdrawal of overtime. The speed of processing levels for both EHDC and SBC were higher in quarter one than in 2023/24 but the work measures put in place has seen a reduction in outstanding work which is also reflected in improved speed of processing statistics for quarter two.

Housing Benefit Subsidy

- 2.8 The level of HB subsidy for 2023/24 was £21m for SBC and 22m for EHDC. Subsidy levels were slightly higher than in 2022/23 due to rent increases compared to the previous year.
- 2.9 Some HB expenditure is not fully subsidized under DWP rules. This is normally where HB has been awarded for homeless or temporary accommodation or where overpayments have been made. For 2023/24 the subsidy 'gap' for EHDC was £244k and for SBC £356k. The SBC subsidy gap is much lower than in previous years due to reduced expenditure on temporary bed and breakfast accommodation, some of which was as a result of the Covid period.
- 2.10 It is worth noting that the subsidy shortfalls can be offset to some extent by the LA's ability to keep any revenue generated by the recovery of HB overpayments.
- 2.11 The DWP migration of HB claims onto Universal Credit (UC) will reduce the overall HB caseload for both LA's. LA's will be left with supported, temporary and bed and breakfast accommodation claims and claims from pensioners and will be subject to subsidy, (see also section 2.22).

HB Overpayments

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



	2018	2019	2020	2021	2022	2023	2024
Sbc	£ 3,633,481.67	£ 3,422,722.84	£ 2,975,102.15	£ 2,637,921.18	£ 2,423,596.39	£ 2,227,257.75	£ 2,026,864.57
Ehdc	£ 1,877,258.56	£ 1,901,900.93	£ 1,754,070.25	£ 1,502,467.53	£ 1,426,378.21	£ 1,366,249.62	£ 1,237,122.70

- 2.13 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. A significant proportion of debt has to be actively chased and monitored and is resource intensive.
- 2.14 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.
- 2.15 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 2: Overview of debt status at 31 March 2023

ALL at 31.03.24	%	Stevenage			East Herts	
		Number	Value		%	number
Total		1717	2,026,864.57		955	1,265,266.04
LIVE	12.81%	220	256,421.78	21.36%	204	168,112.07
DORMANT	87.19%	1497	£1,770,442.79	78.64%	751	£1,097,153.97
LIVE AND CT		120	£143,174.06			
LIVE & PT		100	£113,247.72		204	£168,112.07
LIVE & FRAUD		2	£1,201.09		4	£5,703.82
LIVE/FRAUD CT		1	£403.67			
LIVE /FRAUD PT		1	£797.42		4	£5,703.82
DORMANT CT		836	£867,804.26			
DORMANT PT		661	£902,638.53		751	£1,097,154.00
DORMANT FRAUD		108	£377,801.26		80	£273,620.57
DORMANT/FRAUD CT		61	£179,162.66			
DORMANT FRAUD PT		47	£198,638.60		80	£273,620.57

Note: Dormant means that the debtor is currently not in receipt of Housin Benefit.
 CT = Council Tenant PT = Private tenant

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

2.17 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.

Discretionary Housing Payments (DHP)

- 2.18 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 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.
- 2.19 The DWP have determined this year to declare the funding allocations for the next two years, 2023/24 and 2024/25. It is worth noting that these and the 2023/24 allocation are all made from a central unchanging pot of £100m. In real terms therefore the value of the allocations is reduced by inflationary factors.
- 2.20 This will inevitably create further pressure and challenges for customers and officers alike, remembering that this funding is for Housing Benefit customers as well as those in receipt of the housing element of Universal Credit.
- 2.21 The majority of successful awards in 2023/24 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 3: DHP applications

2023/24	SBC	EHC
Received	357	426
Rejected	167	244
Awards	190	182
Universal credit	127	118

Housing Benefit caseload

- 2.22 There have been changes in the Housing Benefit caseload due to the UC migration referenced above. For SBC, the HB caseload was 3,084 at the end of the 2023/24 year which represents a reduction of around 8% compared to 2022/23. For East Herts, the HB caseload at the end of the 2023/24 year was 2,866 which represents a reduction of around 9% compared with 2022/23.

Table 4: EHC Housing Benefit caseload movements

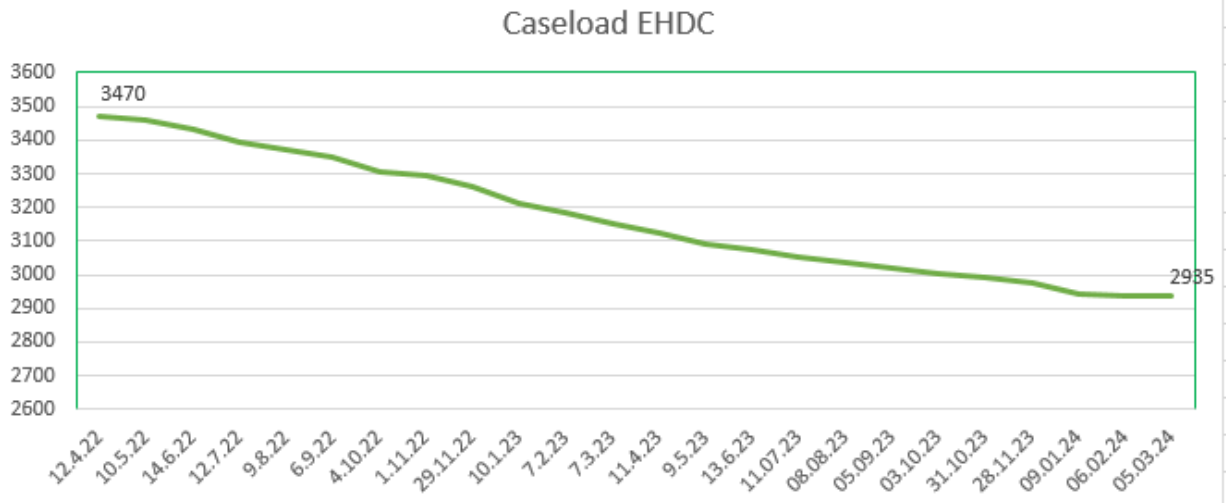
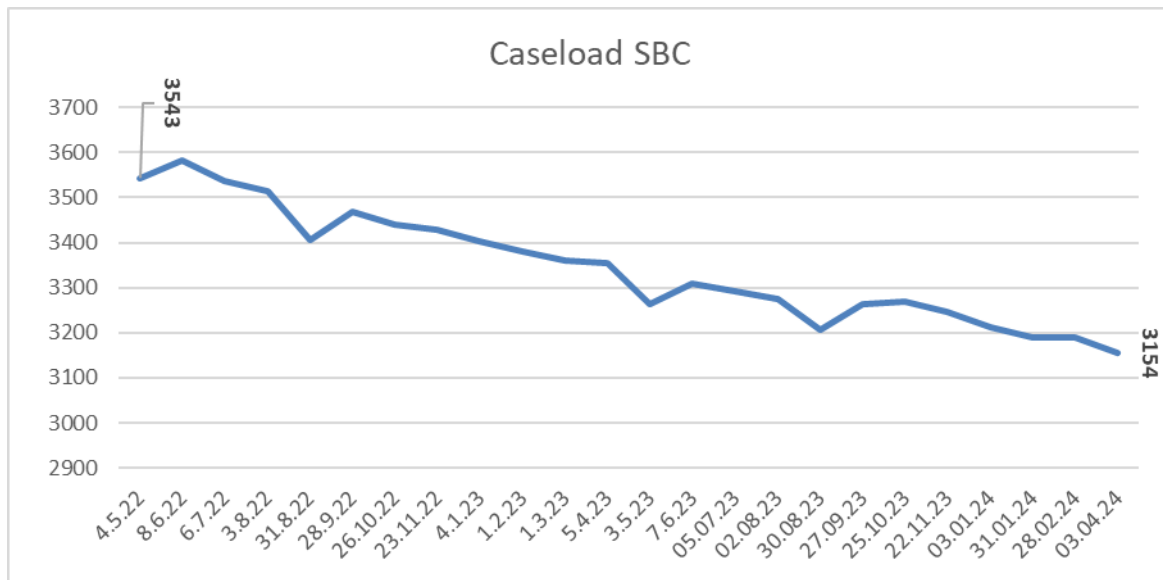


Table 5: SBC Housing Benefit caseload movements



Council Tax Support

- 2.23 CTS caseload levels at the end of the 2023/24 financial year were 4.9k for SBC and 5.2k for EH. Though caseload levels for CTS reduced by around 2% for 2023/24 the current trend is for an increasing caseload often where claimants are in receipt of Universal Credit.

Table 6: EHC CTS Caseload

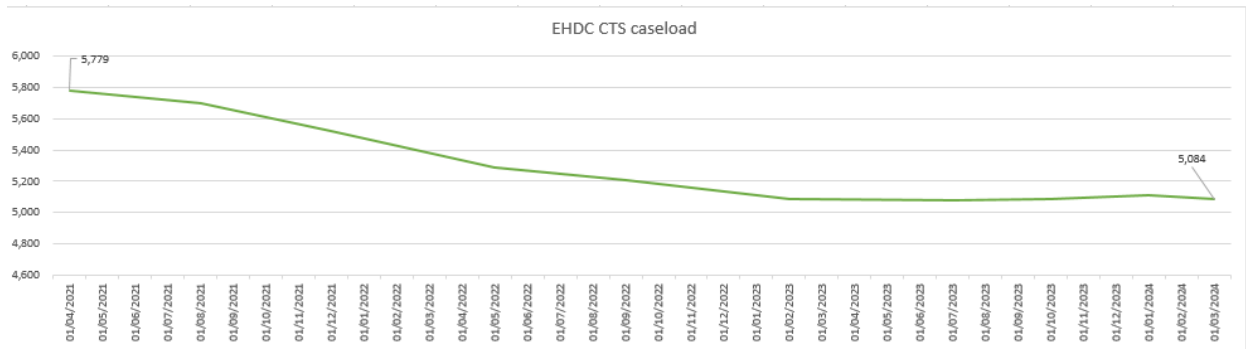
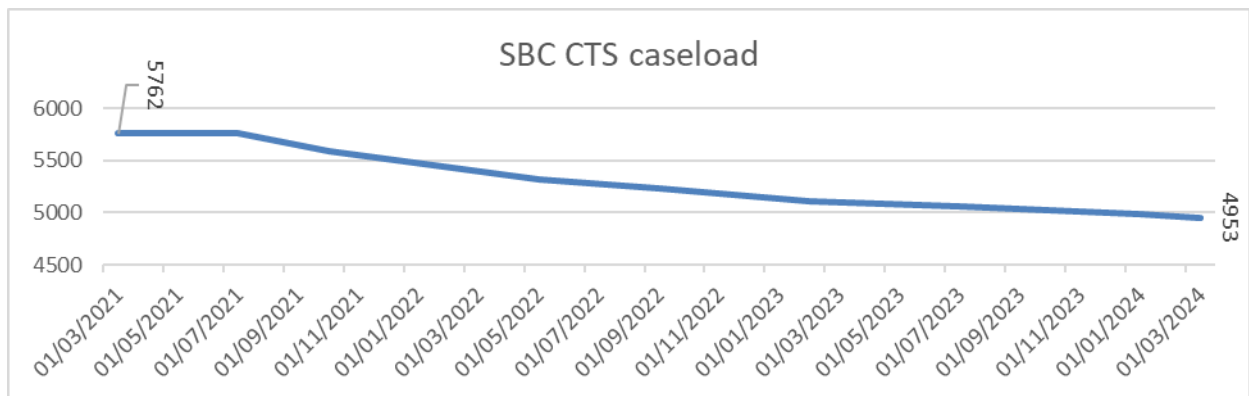


Table 7: SBC CTS Caseload



- 2.24 The collection of Council Tax Liability for CTS cases is more complex. Variations in awards generate new bills and revised collection arrangements.
- 2.25 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.
- 2.26 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. 2023/24 saw an improvement in the collection of CTS case council tax, in contrast to the overall downward

pressure on the main Council Tax collection rates.

- 2.27 The Government has provided Local Authorities with funding to assist residents with Council tax. For CTS recipients in 2023/24 customers received a payment of £25 to their accounts

Table 8: 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%
2022/23		74.94%	74.98%	96.50%
2023/24		71.45%	73.53%	96.90%
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%
2022/23		74.36%	75.25%	94.00%
2023/24		68.73%	71.99%	94.30%

- 2.28 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.

- 2.29 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 adoption of a banded scheme would give stability to those whose income fluctuate, it will be less complex and easier for our customers to understand, it will be simpler to administer with less changes to the amount of council tax due and therefore easier to collect. 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 2026 in early 2025.

Verification of Earnings and Pensions (VEP)

- 2.30 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 and Housing Benefit Awards Accuracy initiative. The target groups for these are high risk tenancies i.e., temporary (hostel type); earned income and self-employed.
- 2.31 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 customer's claim.
- 2.32 Once again funding has been received to support LA's in obtaining resources to carry out VEP work. For 2023/24 this amounted to £48.4k, however for 2024/25 this is reduced to £42.6k. This funding is reducing each year, and we hope that the number of cases referred to us will reduce accordingly following the migration to Universal Credit for many working age claimants.
- 2.33 The DWP also continue to require the Councils to do ad hoc targeted work when they consider there is a high risk of fraud and error.

Universal Credit

- 2.34 Universal Credit went 'full service' from October 2018 for Stevenage and East Herts residents. This means that with only the few exceptions referenced above all new claims for housing costs support for working age will go to UC, and customers experiencing a relevant change in circumstances will transfer from HB to UC. There will be high numbers of working age HB recipients migrating to UC during 2024.
- 2.35 There are still some working age client groups who will not move onto universal credit, including those in temporary, emergency, and supported accommodation. These, however, are the highest cost cases for Councils as much of the rent/service charge is ineligible for subsidy. There remains no indication of any scheme for pensioners who will until further notice remains eligible for Housing Benefit.

Council Tax

- 2.36 The Council Tax service had supported the Business rates grants project work since March 2020, and accordingly this significant workload impacted on performance in this area.
- 2.37 It was hoped that 2023/24 would see the service returning to normality with an opportunity to recover from the impacts of Covid related work, but the Government announced further Energy rebate schemes to be delivered by the service. It was targeted at those without a direct relationship to a domestic electricity supplier. or those were using alternative fuels.
- 2.38 The scheme fell into two main areas:
- (I) **£400.00 scheme (Energy Bills Support Scheme Alternative Funding or EBSS-AF)** was for those without a direct relationship to a domestic electricity supplier.
 - (II) An application-based scheme for customers via a government portal
 - (III) Subject to applications meeting the eligibility criteria, people who will be able to receive support under EBSS AF include:
 - care home residents and others in care facilities/sheltered accommodation (wholly or partly self-funded)
 - park home residents, houseboats and caravans that can provide proof of address
 - social and private tenants who pay for energy through a landlord on a commercial supply
 - homes on a heat network/private wire
 - off-grid homes
 - farmhouses used for wholly domestic purposes
 - (IV) **The £200 Scheme Alternative Fuel Payment (AFP) Alternative Fund (AFP –AF)** for households that use alternative fuels for those without a direct relationship to a domestic electricity supplier.
 - (V) An application-based scheme for customers via a government portal.
 - (VI) Subject to applications meeting the eligibility criteria, people who will be able to receive support under such as:
 - a. heating oil,
 - b. biomass
 - c. and liquefied petroleum gas (LPG) – as the main source of heating.
 - (VII) Funding provided was cash limited for both schemes.

2.39 The size of the scheme was less in numbers but is more involved in nature than the previous schemes and absorbed considerable resources in the service to mid-September. These are resources which were thus unavailable to carry out core functions. The tables below show the outputs from the project.

Table 9: SBC Energy Rebate scheme 2023/24

SBC Out-turn		
Scheme	Paid	Number
£400 EBSS-AF	£91,600.00	229
£200 AFP –AF Scheme	£3,200.00	16
Sum of Paid Cases	£94,800.00	245

Table 10: EHC Energy Rebate scheme 2023/24

EHC - Out-turn		
Scheme	Paid	Number
£400 EBSS-AF	£46,800	117
£200 AFP –AF Scheme	£39,400	197
Sum of Paid Cases	£86,200	314

- 2.40 Again the service was required to divert significant resources to manage a project for which its IT systems and processes are not designed. The Government made some new burdens money available but did not advise or pay the substantive amount until the 30 March 2024 when it was too late to plan for or acquire additional resources, even if they had been available.
- 2.41 This workload on the back of the previous years' Energy Grant and Business grants had a knock-on effect on the Council Tax collection.
- 2.42 Council Tax performance measure looks at the proportion of the current year's liability collected in that year. For 2023/24 Stevenage collection rate was 94.4%, and East Herts 96.9% per the government return. SBC 0.5% higher than 2022/23 and EHC 0.4% higher.
- 2.43 In 2023/24 the combined collectable debit for EHC and SBC increased by over £11.8m. (EHC £8.6m and SBC £3.2m). For Stevenage, the collectable debit was £59.7m and EHC £137.3m. 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. The increase in energy costs, inflation and cost of living crisis made it harder for many households to pay their council tax liability.
- 2.44 The number of actual properties in the tax base also increased by 1,226 (SBC 133 and EHDC 1,093) between 1.4.2023 and 1.4.2024. With the

increasing levels of council tax and the cost-of-living challenges, we anticipate greater problems in collection in the coming years.

2.45 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.

2.46 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 11: Stevenage Council Tax arrears (net)

Sbc	31.03.24	31.03.23	Prior Year Change (a minus = and increase)
Pre 2003	142	- 240	-382
2003-2007	9,838	13,172	3,334
2008-2012	105,487	125,576	20,089
2013-2017	546,076	620,068	73,992
2018-2023	5,917,529	7,711,456	1,793,927
Sub Total	6,579,073	8,470,032	1,890,959
Pre 1.4.2023	6,579,073	8,470,032	1,890,959
2023-24	3,304,307		- 3,304,307
At 31.03.2024	9,883,380	8,470,032	- 1,413,348

2.47 Before adding the 2023/24 arrears, £1,890,959 of prior year debt was recovered during 2023/24.

Table 12: East Herts Council Tax arrears (net)

EHDC	31.03.24	31.03.23	Prior Year Change
Pre 2003	- 5,699	- 9,570	3,871
2003-2007	39,7410	36,277	3,464
2008-2012	133,506	153,168	19,662
2013-2017	488,936	553,016	64,080
2018-2023	6,230,783	8,561,330	2,330,547
Sub Total	6,887,267	9,294,221	2,406,954
Pre 1.4.2023	6,887,266	9,294,221	2,406,955
2023-24	4,038,232		- 4,038,232
At 31.03.2024	10,925,498	9,294,221	- 1,631,277

2.48 Before adding the 2023/24 arrears, £2,406,955 of prior year debt was recovered during 2023/24.

2.49 The tables demonstrate that significant inroads into prior year arrears were achieved in 2023/24, and whilst some of these were deemed non recoverable and written off, the overall level of pre 2023/24 debt was reduced.

2.50 The tables below show similar positions across the district and neighbouring authorities and demonstrate the difficulty of collecting arrears:

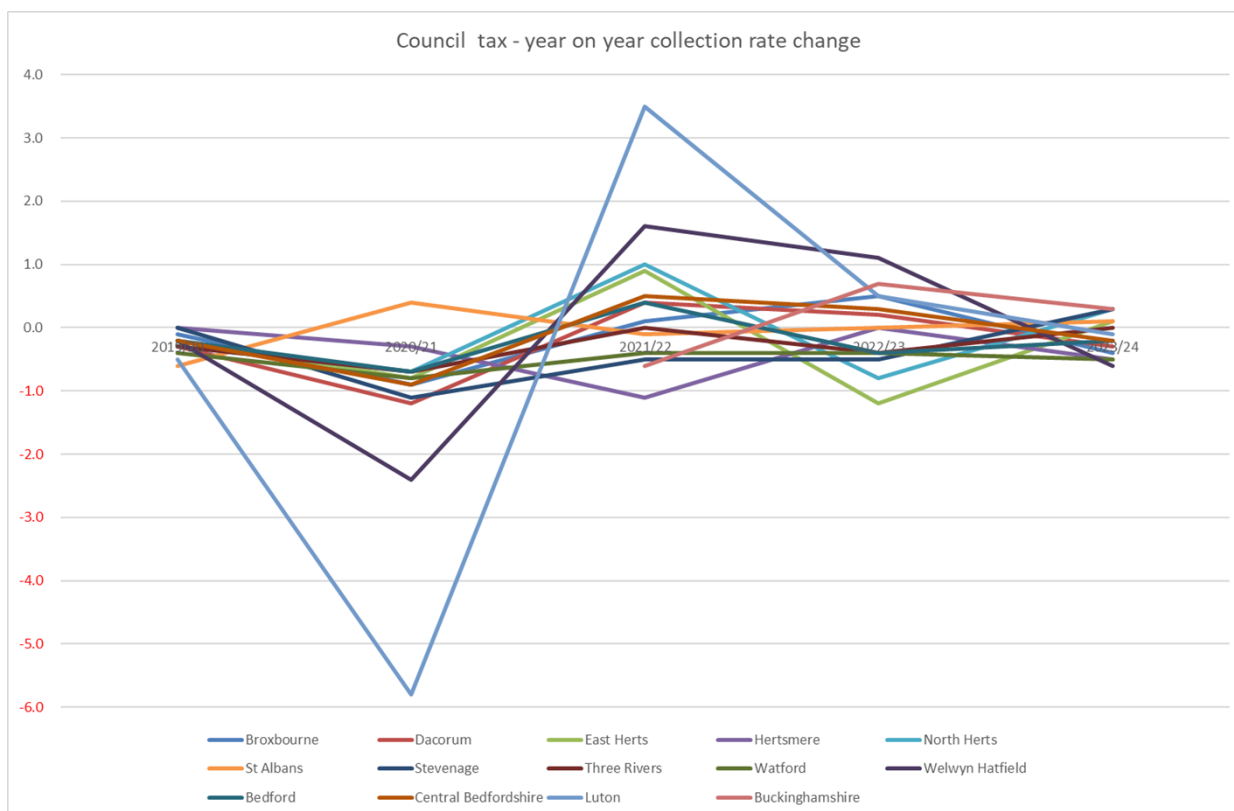
Table 13: Council Tax year on year collection rates % - districts

Council Tax	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Broxbourne	97.6	97.5	96.6	96.7	97.2	96.8
Dacorum	98.3	98.0	96.8	97.2	97.4	97.1
East Herts	98.1	97.9	97.1	98.0	96.8	96.9
Hertsmere	98.0	98.0	97.7	96.6	96.6	96.1
North Herts	98.4	98.1	97.4	98.4	97.6	97.9
St Albans	99.0	98.4	98.8	98.7	98.7	98.8
Stevenage	96.2	96.2	95.1	94.6	94.1	94.4
Three Rivers	98.7	98.4	97.7	97.7	97.3	97.3
Watford	97.7	97.3	96.5	96.1	95.7	95.2
Welwyn Hatfield	97.7	97.5	95.1	96.7	97.8	97.2
Bedford	97.6	97.4	96.7	97.1	96.7	96.5
Central Bedfordshire	98.0	97.8	96.9	97.4	97.7	97.5
Luton	97.2	96.7	90.9	94.4	94.9	94.8
Buckinghamshire			98.1	97.5	98.2	98.5

Table 14: Council Tax year on year arrears - districts

QRC 4 Arrears / £k	2019/20	2020/21	2021/22	2022/23	2023/24
Broxbourne	£5,387	£6,962	£8,047	£8,925	£10,348
Dacorum	£5,684	£7,716	£9,174	£8,425	£7,990
East Herts	£4,781	£6,376	£7,952	£9,850	£11,553
Hertsmere	£5,066	£6,492	£8,574	£10,669	£12,129
North Herts	£2,895	£4,662	£6,213	£8,169	£7,477
St Albans	£5,191	£5,428	£6,213	£6,647	£8,103
Stevenage	£4,579	£5,734	£7,141	£8,832	£10,196
Three Rivers	£2,838	£3,846	£4,643	£5,561	£5,542
Watford	£4,421	£5,866	£7,504	£9,073	£11,212
Welwyn Hatfield	£6,902	£10,138	£10,634	£11,108	£12,080

Table 15: Council Tax year on year collection rates change- districts



2.51 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.

2.52 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%. On 31.3.24 SBC charged the premium on **100** properties and EHC **145** properties.

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

2.54 The service, together with NEC carried out a review of recipients of Single Person Discounts. Almost 34k properties were screened to confirm entitlement. (EHC 20.6k, SBC 13.3). The cases that were of high risk were then sent letters to complete an online review form.

Business Rates

- 2.55 2023/24 has been an interesting year for business rates, due to the Revaluation of all assessments for the 2023 list. Also, the New Non-Domestic Rating Act 2023 was introduced resulting in some new reliefs becoming available and confirming that revaluations will now take place every 3 years instead of every 5 years.
- 2.56 The performance measure looks at the proportion of the current year's liability collected in that year. The service were on target to achieve the best collection rates for at least 10 years. For Stevenage the service managed to achieve this by reaching 98.90% and for East Herts unfortunately the collection rate was not as high as expected due to the valuation office spitting a large property on the 11th of February 2024 that had a rateable value of £5,070,000 into 2 properties and this meant the service were not unable to collect the debit raised by the 31st March 2024 therefore resulting in a collection rate of 97.60%.
- 2.57 The tables below show some of the headline values at 31.3.2024:

Table 16: Business Rates liabilities and reliefs

	SBC	EHDC
Rateable value	124,299,301	139,202,182
Gross rates	£56,194,706.23	£67,656,327.56
Small Business Additional yield	£1,198,155.41	£1,138,968.84
Transitional reliefs	-£4,606,812.82	-£7,495,226.26
Empty reliefs	-£960,841.12	-£2,133,774.19
Mandatory reliefs	-£4,891,965.30	-£10,602,495.18
Discretionary reliefs	-£191,266.82	-£269,873.50
Government funded specific relief	-£2,259,371.02	-£6,557,280.04
Ney yield to collect	£44,482,604.56	£41,736,647.23

Table 17: Mandatory reliefs granted

Mandatory Relief	Explanation	SBC 2023/24	EH 2023/24
Empty (Sec 45)	A mandatory Relied applied to properties which are empty - 3 months shop and offices etc. and 6 months for industrial type properties	-960,841.10	-2133774.2
Small Business Additional yield	The additional amount paid by any business not eligible for Small Business Rates relief	1198155.41	1,138,968.84

	(i.e., they pay the higher multiplier)		
Small Business rates relief	A mandatory relief for Small Businesses under £15,000 rateable value	-1855799.23	-5221862.6
Charitable (Sec43(5))	A mandatory relief where the organisation is a charity or would be considered to be a charity	-3023589.48	-5264851.96
Sports Clubs (Sec 43(5))	A mandatory relief for registered Community Amateur Sports Clubs	-4732.96	-82283.95
Public Toilets	A mandatory relief for public toilets	-7843.63	-4056.62
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	0	-29440.05

2.58 In addition to the collection of current year liabilities the Business Rates team continue to focus on old year debts. This year a further £1,095,968.00 was recovered.

Table 18: Changes in prior year arrears

31.3.2024	East Herts	Stevenage	Total
Opening balance of all year's arrears at 1.4.23	£2,073,421.25	£1,234,680.47	£3,308,101.72
Closing balance at 31.3.24	£1,725,032.17	£487,101.30	£2,212,133.47
Change in arrears	£348,389.08	£747,579.17	£1,095,968.25
Arrears for 2023/24	£995,490.20	£505,044.90	£1,500,535.10
Total arrears	£2,720,522.37	£992,146.20	£3,712,668.57

RV Finder

- 2.59 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.
- 2.60 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.
- 2.61 However, there are increasing pressures on the RV across the country. with types of businesses seeking to reduce liability, demands for on-line companies to contribute more, and types of businesses being moved into central lists (outside of LA's billing). Sadly, there remains no legal requirement for a business to notify the billing authority that it is operating from a premise or has made changes to the property which would attract a greater liability. Consequently, it is especially important for Councils to seek out all liabilities.
- 2.62 Issues with avoidance and evasion continue, and the shared anti-fraud service supports our work in data matching on both LA's data, which can identify useful leads.

Other activity

- 2.63 The BID for Bishop's Stortford was renewed for 2023/24. The service is responsible for the billing and collection of this additional annual charge and receives funding for the activity.

Digital

- 2.64 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.
- 2.65 Currently East Herts and Stevenage customers can self-serve a range of services for Housing Benefit, Council Tax and Business Rates. These modules include a number of other on-line forms that have been e-enabled to assist customers.
- 2.66 February 2023 we implemented e-reminders and e-finals for Council Tax and e-notifications for Benefits. At the same time, we also moved to the use of e-surveys for Council Tax. All of these reduced the need for paper copies, enabled customers to complete them online with full back-office integration and automation, with manual intervention on e-surveys only required where there is a change.
- 2.67 The take-up of self-service options is slow, and accordingly both Councils continue to work together to devise a strategy to increase the 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 2024.

Table 19: Take up of digital options EHC

	EHC								
	Jul-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	
Registered Accounts	3100	5586	10563	15480	20969	26687	31422	37768	
Council Tax:									
Online DD's	351	2384	6324	10637	15867	22067	27334	32957	
Online COA	454	2695	7237	11572	17185	23115	28985	34322	
E-Biiling	378	726	1393	2152	3212	4216	5801	6067	
Benefits	112	185	296	432	562	666	744	851	
Landlords	25	34	47	53	62	71	78	86	
Business Rates	24	45	74	117	174	308	397	504	

Table 20: Take up of digital options SBC

	SBC								
	Jul-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	
Registered Accounts	164	1226	3437	5725	8030	11035	14039	16284	
Council Tax:									
Online DD's	60	726	2234	4137	6164	8974	11586	13695	
Online COA	76	492	1570	2840	4277	5819	7673	9328	
E-Billing	8	116	410	770	1148	1565	1984	2348	
Benefits	4	43	114	192	280	322	374	414	
Landlords	1	4	13	20	31	34	40	44	
Business Rates	0	4	8	62	94	120	170	216	

2.68 The service is committed and keen to continue to explore digital and automation solutions for our customers. An example could include the following additional modules in the future:

Enhanced Council Tax Change of Address Module – fully automated Change of Address processing, replaces current version which needs manual entry.

Enhanced Council Tax Arrangements Manager Module – includes full automation and integrates with the existing forms module for much easier processing.

New Council Tax Automated Refunds - fully automates the Council Tax refund procedure.

New Business Rates Change of Circumstances form – online automated form.

2.69 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’.

2.70 All front-line staff must 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.

Service plan objectives 2023/24

2.71 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.

Supporting customers

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

Audits

- 2.73 The service is subject to audit both internally and externally. The results of the audits are shown below. The four categories of assurance for internal audits are Substantial, Reasonable, Limited and No.
- 2.74 Both the SBC and EHDC Council Tax audits mentioned area to review were suspense accounts and discount and exemption reviews due to staff vacancies and both are now back on track.

Table 21: Audit results

	SBC	EHC
Internal: Council Tax	Substantial	Substantial
Internal: Business Rates	Substantial	Substantial
Internal: Housing Benefit	Substantial	Substantial
External: HB subsidy claim (subject to audit)	Audit pending	Audit pending

Staff

- 2.75 At the time of writing we have 5 vacant posts and 5 long-term sick. Until recently recruitment had been on hold until the outcome of the independent review of the service and this has had a direct impact on performance.

Outturn budget for 2023/24

- 2.76 The table below shows the outturn for both 2022/23 and 2023/24, and the initial budget for 2024/25

Table 22: Shared service budgets

Revenues & Benefits	22/23 outturn	23/24 outturn	24/25 Budget
Shared Service			
Expenditure			
Employees	3,552,453	3,613,505	3,698,860
Transport related expenses	9,953	11,627	16,350

Supplies & Services	230,323	281,259	234,760
Support services & divisional costs	946,516	1,067,912	1,124,134
Expenditure total	4,739,245	4,974,303	5,074,104
Income from other authorities	1,989,920	2,090,032	2,135,167
Government Grant income	80,082	134,179	-
Section recharge	2,669,243	2,750,092	2,938,937
Income total	4,739,245	4,974,303	5,074,104

2.77 In addition to these figures each Council received new burdens funding that was not pulled into the shared service during the year (SBC £82k, and EHC 27k).

Shared Revenues and Benefits Service Review – The Future

2.78 An independent review of the service was commissioned by East Herts and took place in January 2024:

- The East Herts and Stevenage Revenues and Benefits service is structured with foundational elements critical to its success. Key aspects include harmonised staff contracts, unified processes, and system harmonisation, all contributing to an efficient and cohesive service delivery model.
- The East Herts and Stevenage Revenues and Benefits service has strong foundational elements but needs to overcome its inward focus and legacy operating model to achieve further efficiencies and enhanced service delivery. Developing a clear vision and strategies for digital transformation and channel management will be critical steps in this evolution. The report identified that investment is required to make improvements and reduce the cost of the service. One of the biggest automation gains identified in the report is to move to a banded council tax support scheme, timing means for 2025/26 that due to the consultation that is required it is too late to implement a scheme for next year.
- The report is still being finalised, and once this has been completed a further meeting with Members will be convened.

3.0 Implications

Financial Implications

None

Legal Implications

None

Risk Implications

None

Background Papers

None

Contact Members:

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