

Report to: **Hub Committee**

Date: **12 April 2022**

Title: **Revenue and Benefits Service Review Update**

Portfolio Area: **Resources - Cllr Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **12 April 2022**

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RECOMMENDATIONS

That the Hub Committee:

- (i) Recognise the achievements of the Revenues & Benefits Team in maintaining core service delivery, whilst also ensuring that businesses and residents were supported throughout the pandemic through the administration of business grants, personal grants such as Track and Trace and administering benefits schemes.**
- (ii) Endorse the approach taken following the Revenues & Benefits Review and the subsequent Implementation Plan.**
- (iii) Note the progress of the Revenues & Benefits Implementation Plan and request a further update in six months' time.**
- (iv) Endorse the recruitment of a Head of Service for Revenues and Benefits, which will be funded on a self-funding basis. To further note that the next iteration of the Council's Medium Term Financial Strategy (MTFS) will increase both the annual staffing budget by £30,000 (wdbc's share of the staffing cost) and the annual income from council tax by £30,000 (to reflect the anticipated increase in council tax collection rates by at least 0.5%).**
- (v) Endorse that in addition the stretching targets that the new Head of Service will be set, will mean that the Council will continue to improve collection rates across council tax and business rates generating significant further income for the Borough Council.**

1. Executive summary

- 1.1. The purpose of this report is to update Members on the service review that was undertaken last year across the Revenues & Benefits Service, the reasons why this has taken place and what actions have been taken since then to implement the recommendations of the Review.
- 1.2. The purpose of the Revenue & Benefits Service Review has been to:
 - ensure that the Councils' joint Revenue & Benefits Service is working effectively, efficiently and in accordance with legislation and best practice;
 - maximise the Councils' resources and to ensure financial stability whilst ensuring that our customers are being supported in the best possible way;
- 1.3. The Review and subsequent Revenues & Benefits Implementation Plan strives to improve customer service, whilst maximising financial recovery and ensuring our customers are being supported in the best possible way.
- 1.4. A key recommendation of the Revenues & Benefits Implementation Plan is to recruit a Level 3 Head of Service for Revenues and Benefits. This post would be self-funded from having a performance target to increase the council tax collection rates by at least 0.5% in each Council, improving recovery rates, reducing aged debt and delivering service improvements across the Council Tax, Business Rates and Housing Benefit services,

2. Background

- 2.1. Existing workloads throughout the pandemic did not reduce and the team have administered 12 different business grant schemes and 2 schemes for individuals, processing the following volumes of work.
 - 27,200 individual business grant awards
 - 2,200 test and trace claims
 - Over 750 household support claims
 - The team will also be responsible for processing the Government's recently announced Council Tax Energy Rebate (£150) which will involve automated, manual claims and the setting up and administering of a discretionary scheme. This will involve working on over 50,000 council tax accounts across both Authorities.
- 2.2. The Council's Corporate Strategy, 'A Plan for West Devon' sets out a range of themes and associated aims supported by Thematic Delivery Plans. The Revenue & Benefits Review is a specific action in the Delivery Plans and further supports the strategic aims of maximising, and making the best use of, the Council's resources to enable the delivery of the strategic aims and, at the same time, enhancing the customer experience, access and engagement.

2.3. Within this strategic context, the Review has set a programme of improved performance, strategic oversight and management of all aspects that contribute to the Revenues & Benefits Service which have been collated in the Improvement Plan (the Plan) enabling:

- Redefining Service ambitions and ensuring financial sustainability through effective collection and recovery
- Delivering our services fairly and effectively to those who need them, when they need them
- Ensuring that customers can access any benefits / discounts / reliefs to which they are entitled

2.4. Until October 2021, the Revenues & Benefits Service formed part of the wider Housing, Revenues & Benefits service area with overall responsibility for all three services sitting under one Head of Service. Following the prioritisation of Homes in the Corporate Strategy and the declaration of the Housing Emergency, the existing Head of Service is now solely leading the Housing Service. Revenues and Benefits do not currently have a Head of Service. One of the outcomes from the Revenues and Benefits Service Review is that it is recognised that it is essential to recruit a Head of Service for Revenues and Benefits as set out in 3.3 below.

2.5. The Revenues & Benefits Service is responsible for delivering the following:

- Billing and collection of council tax and business rates
- Improving collection rates and reducing debt levels
- Administration of housing benefits
- Administration of the council tax support scheme and other discretionary welfare schemes
- Prevention and detection of fraud within these Services
- Recovery across Revenues & Benefits
- Government returns for council tax, business rates and housing benefit subsidy (including an annual external audit review on the annual housing benefit subsidy claim).

2.6. The current staffing across both service areas comprises the following:

2.6.1. The Benefits team currently have 11.9 full time equivalents (FTE's)

2.6.2. The Revenues team currently have 15.2 FTE.

2.6.3. We also have a further 6 FTE shared across the services supporting the additional workload and helping to deliver a number of the actions within the review.

2.6.4. Together this represents 10% of the total office based workforce.

2.7. The Revenues and Benefits service has responsibility for the following key services:

- The administration and collection of Council Tax (£46m for West Devon and £84m for South Hams, being £130m in total across both Councils. This is the total council tax billed including the precepts for DCC, Fire, Police and Towns and Parishes)
- The administration and collection of Business Rates (£10m for West Devon and £29m for South Hams, being £39m in total across both Councils)
- The administration of Housing Benefits (£9m for West Devon and £13m for South Hams, being £22m in total across both Councils)

- The administration of the Council Tax support scheme (£3.8m for West Devon and £5.8m for South Hams, being £9.6m in total across both Councils).

3. Service Review

3.1. Prior to the Review, the Councils' internal auditors identified areas across council tax, business rates and housing benefits in which there was scope for improvement and set out a series of recommendations in their 2020/2021 reports.

3.2. The recent Covid-19 work on business support grants highlighted the reliance on key individuals within the organisation with regards to Business Rates. The business grants team have administered business grants totalling £33m in West Devon and £85m in South Hams over the last two years. The information gathered from the work on the business grants has vastly increased the corporate knowledge and potential for further collection of business rates but there are issues with capacity. Whilst the two (L4) senior specialists have an in depth knowledge of their respective service areas, there is a significant gap and little resilience within the wider team regarding professional expertise.

3.3. Housing Benefits

3.3.1. Whilst it was always anticipated that the full migration to Universal Credit would reduce the workload for the Housing Benefit team, changes in the Governments migration plan and the way Universal credit changes to capture changes to individuals earnings on a weekly basis has resulted in more work not less. In 2021/22 the team have processed across both Councils:

- Almost 2,300 new claims for Housing Benefit and Council Tax Support.
- 14,000 changes to existing Housing Benefit and Council Tax Reduction Claims.
- Paid out almost £150,00 of additional discretionary housing payments for those people in arrears or in urgent need of additional support.
- Received 304,000 Universal Credit and Pension changes, of which approximately 121,000 would have required a manual review.

3.3.2. Despite this increasing workload the team continue to prioritise process new claims for Housing Benefit and Council Tax Support. The tables on the following page shows that the Council continues to deliver consistent performance to ensure that those who need support and financial assistance receive this as soon as possible.

Table 1 - Housing Benefit New Claims (National Target is 24 Days)**(Data based on District Councils only and excludes Metropolitan Boroughs and Unitaries)**

	2017/18	2018/19	2019/20	2020/21
Worst	46	62	35	39
Bottom Quartile	24	23.25	19	21
Median (Second Quartile)	20	20	16	17
Third Quartile	17	16	13	13
Best	4	4	3	5
South Hams	24	20	14	17
West Devon	23	19	15	18
Average (Mean)	20.7	20.1	16.2	17.2

Table 2 - Change in Circumstances to existing claims (National Target is 11 days)

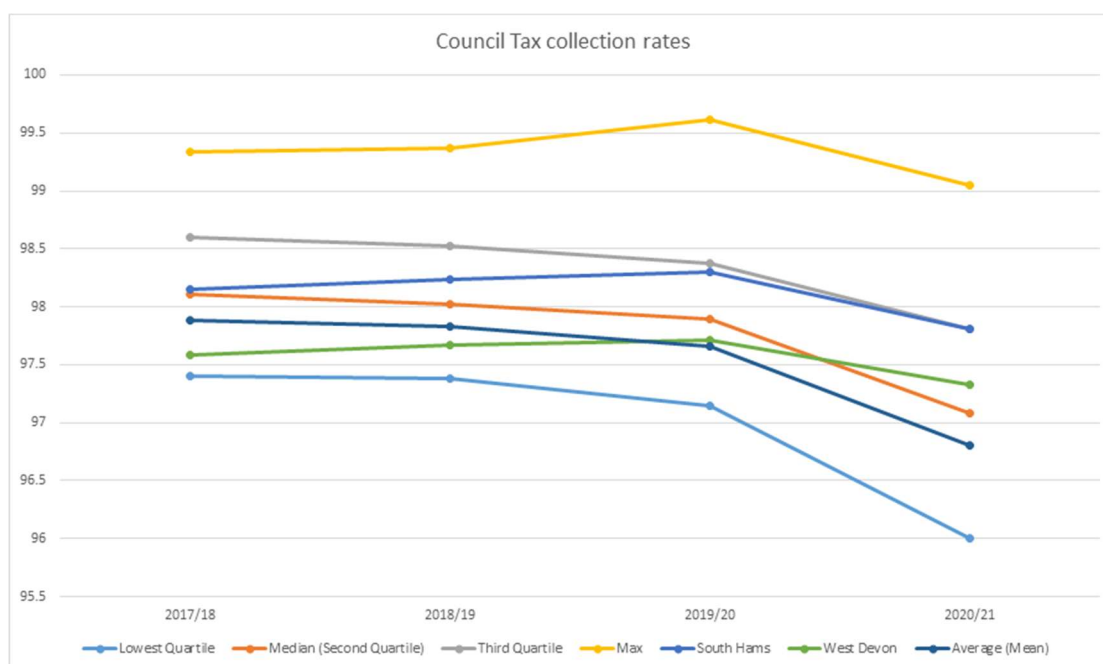
	2017/18	2018/19	2019/20	2020/21
Worst	20	23	13	21
Bottom Quartile	8	7	5	5
Median (Second Quartile)	6	5	4	4
Third Quartile	5	4	3	3
Best	2	2	1	1
South Hams	7	5	4	4
West Devon	7	5	5	4
Average (Mean)	6.5	5.9	4.5	4.3

3.4. Collection rates for council tax and business rates

3.4.1. Despite the unprecedented additional workload that the Revenues & Benefits service has needed to administer in response to the pandemic (starting in March 2020), the Councils have maintained good collection rates, particularly for council tax. In the last financial year 2020/21, council tax collection rates held up well in both Councils, with 97.33% being collected in West Devon and 97.81% in South Hams. This was well above the national average and slightly above the 2nd quartile. The following table and graph demonstrates this.

Council Tax collection rates (Data based on District Councils only and excludes Metropolitan Boroughs and Unitaries)

	2017/18	2018/19	2019/20	2020/21
Lowest Quartile	97.4	97.38	97.15	96.0075
Median (Second Quartile)	98.11	98.02	97.89	97.085
Third Quartile	98.6	98.52	98.37	97.81
Max	99.34	99.37	99.62	99.05
South Hams	98.15	98.24	98.3	97.81
West Devon	97.58	97.67	97.71	97.33
Average (Mean)	97.89	97.83	97.66	96.81

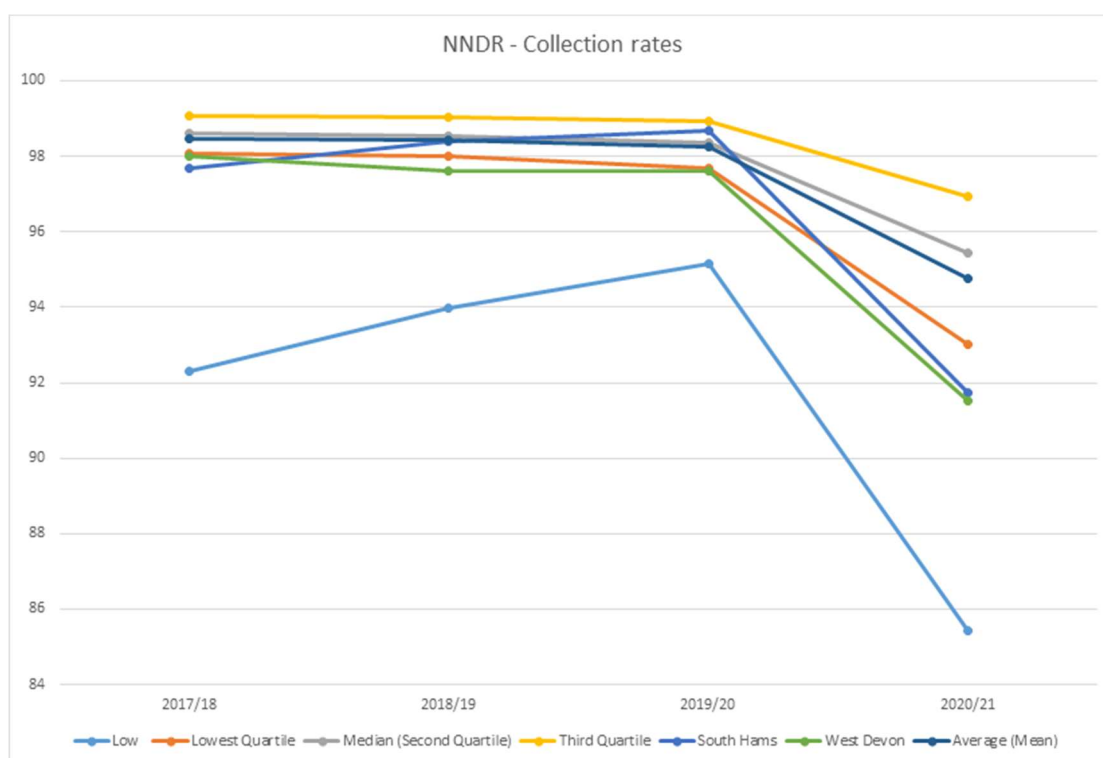


3.4.2. The new Head of Revenues and Benefits will have specific and stretching targets to improve Collection rates for each of the next 3 years. A 0.5% increase in collection rates in each year will move the Council's performance to top quartile. A 0.5% increase generates an additional £30,000 of additional council tax income.

3.4.3. Business rates collection rates were 91.53% in West Devon for 2020/21 and 91.74% in South Hams. These were in the lower quartile in comparison to other Councils although we are aware that there are a number of different methodologies for reporting business rates collection rates. This is thought to be due to a technical accounting issue of how older year's payments are currently accounted for.

Business Rates (NNDR) collection rates (Data based on District Councils only and excludes Metropolitan Boroughs and Unitaries)

	2017/18	2018/19	2019/20	2020/21
Lowest	92.31	93.97	95.17	85.43
Lowest Quartile	98.09	98	97.7	93.01
Median (Second Quartile)	98.62	98.52	98.35	95.43
Third Quartile	99.08	99.02	98.92	96.94
Max	99.99	99.99	99.94	99.81
South Hams	97.68	98.4	98.67	91.74
West Devon	98	97.61	97.62	91.53
Average (Mean)	98.47	98.42	98.25	94.78



3.4.4. The new Head of Revenues and Benefits will have specific and stretching targets to improve Business Rates Collection rates to ensure that the Council achieves second quartile performance by the end of 2023/24. This will generate up to an extra £75,000 of business rates income per annum for the Council.

3.5. The Scope of the Revenues & Benefits Service Review

3.5.1. The aims of the Service Review were to provide:

- An adaptable single service that can flex resources when and where needed.
- Assurance that all statutory and legislative requirements are being met
- Implementation of a clear succession and development/training plan
- A delivery plan that increases collection rates (from 2nd quartile to top quartile for council tax for example) and maximises income with a business intelligence function that can focus on investigating tax avoidance.
- A joined up service that uses and shares data with other Council services in a lawful way
- A consistent and efficient service that is simple and easy for customers to use, and prevents customers from accruing significant overpayments or arrears.
- The best use of our technology to underpin all of these aims.

3.6. Outcomes from the Review

3.6.1. The outcomes from the review can be summarised as follows:

- An Implementation Plan informed by the recommendations of the Review and the Audit Reports, which has clear actions, ownership and target dates.
- A clearer management structure with a Head of Service with direct responsibility and accountability for the service.
- To embed the Council's Performance Management Framework to ensure all members of the team are clear as to their roles, responsibilities, objectives and targets underpinned by a clear customer focus and continuous improvement objective.
- Clear Service Delivery Plans informed by a 'A Plan for West Devon' that sets out the purpose of the Revenues & Benefits service within a clear strategy for the next five years showing how we measure performance to show what good is, with a plan for continuous improvement
- Maximise technology in order to enable maximum efficiencies across the Service and to support service delivery
- Review of policies and processes across both Services to ensure clarity, efficiency, and consistency
- To have a service-wide Recovery Policy that further increases collection rates of council tax and business rates and reduces debt levels
- Good communications within and across the team, the wider organisation, Members and Customers
- Ensure a consistent and efficient Service that is simple and easy for customers to use.

4. Progress to Date

4.1. We have an Implementation Plan which incorporates the recommendations from the Review and the recommendations from the council tax, benefits and business rates Audit Reports for 2020-2021.

4.2. We have set up a Project Team comprising the Business Manager, Senior Specialists from Revenues & Benefits and the Service Improvement Manager, together with an additional resource on secondment to support the implementation of the review, which meets weekly to discuss actions against the Implementation Plan and reports in to the Director of Service Delivery.

4.3. There has been improvement in a number of areas as follows:

4.3.1. **Internal Relationships and communications:** we have already improved communications through weekly meetings both within and across the teams, alongside the weekly Project meetings, which has the outcome of improved team morale, consistent & timely messages and improved involvement and constructive challenges from team.

4.3.2. **Data Sharing:** it is recognised that significant efficiencies will be delivered through the sharing of data across the teams and with the wider organisation and we are working with the Data Protection Officer to facilitate this exchange of information in a lawful way to ensure that the Council has a holistic view of development; from the planning process through to occupation and the links to other services such as the refuse and recycling collections.

4.3.3. **Recovery:** the team is reviewing recovery processes so that these work for us more effectively and increase the potential areas of recovery. The recovery backlog that arose during the pandemic is now being addressed, and we are revisiting our enforcement agency contract to ensure that it works effectively for us and our customers, and identifying wider value services that the enforcement agencies can offer due to economies of scale without further cost to the Council. This review of the recovery process has also enabled proactive networking and building of relationships with other councils with the benefits of sharing good practice and benchmarking.

4.3.4. The team has also started to capture newly built properties at the point of completion, rather at the point of occupation and therefore increasing income to the Council.

4.3.5. **Capacity:** In addition to the recruitment of the Head of Service we are reviewing our resource requirements for the whole service and will be looking at the gaps in skills and resources across the 3 areas. A key priority is Business Rates.

4.3.6. **Service Delivery Plans:** we are working on Plans for each Service which will underpin the Thematic Delivery Plans providing the detail on the purpose of the Services, our priorities in the short, medium and long term, and how we will measure that continuous progress, whilst keeping the maximisation of resources and the customer as the focus of what we do.

4.3.7. **Improving accuracy at first point of contact:** Ensuring that all relevant information is captured at first point of contact, ensuring accurate information from the start and avoiding double handling.

4.3.8. **Checks to void accounts (Revs):** these are council tax and business rates accounts, by determining who should be billed we can bill and collect more quickly.

4.3.9. **E-billing (Revenues):** We are including notifications on our web forms to invite customers to sign up to e-billing when are ready to go live. This will have the benefit of automated billing and enables the customer to access on line at their convenience whilst reducing our costs and driving channel shift.

5. Proposed Way Forward

5.1. It is proposed that we recruit and appoint a Head of Service for Revenues & Benefits, on a self-funding basis, as the most effective way to ensure:

- transparent Leadership and Accountability for the Services
- delivery of the priorities and actions in the Thematic and Service Delivery Plans
- delivery of Service improvements and performance set out in the Implementation Plan.
- Identification of all single points of failure, capacity issues and providing more flexing of resources and the effective delivery of the Service
- maximise income streams from council tax and business rates and that benefits are easily accessible to those that need them

5.2. The cost of a Level 3 Head of Service for Revenues & Benefits is £75,000 (salary with on-costs) with a split of the cost of 40% wdcb and 60% shdc (WDBC cost £30,000 and SHDC cost £45,000).

5.3. It is proposed that this lead role is self-funding, provided through improvements in council tax receipts from an increase in council tax collection rates by at least 0.5% in both Councils.

There will be further benefits from reduced write-offs and from savings from the increased take up of E-billing and increased Direct Debit take up.

5.4 Recommendation 4 of the report asks the Hub Committee to note the recruitment of a Head of Service for Revenues and Benefits, which will be funded on a self-funding basis. To further note that the next iteration of the Council's Medium Term Financial Strategy (MTFS) will increase both the annual staffing budget by £30,000 (wdcb's share of the staffing cost) and the annual income from council tax by £30,000 (to reflect the anticipated increase in council tax collection rates by at least 0.5%).

5.5 In addition, the stretching targets that the new Head of Service will be set, will mean that the Council will continue to improve collection rates across council tax and business rates generating significant further income for the Borough Council. This will also be aligned to the resetting of the Business Rates baseline to maximise business rates income.

5.6 The risks of not appointing a Head of Revenues & Benefits are:

- Less corporate and strategic awareness and knowledge and capacity to deliver on Corporate Strategy and Delivery Plan aims

- This would be the only front line Service area (with a vast customer base and responsibility for the Councils' largest income streams from council tax and business rates) without a Head of Service
- A lost opportunity to maximise the Councils' income from their share of the council tax and business rates billed and collected
- No voice at an Extended Leadership level with a consequent increase in management and leadership by the senior specialists, which decreases their focus on delivering the Service (With the Level 4 Specialists effectively becoming 'acting heads of service' for a proportion of their time)
- The Level 4 senior specialists would report directly to Director of Customer Services and Delivery

5.7 It is proposed to bring a further update report to Members in six months time, when we will have recruited to the Head of Service role, who will have embedded further improvements in accordance with the Improvement Plan and who will have had an opportunity to further assess and influence the structure of the Service and the delivery of those services.

6 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Revenue & Benefits Review is a specific action in 'A Plan for West Devon' Delivery Plan and further supports the strategic aims of maximising and making the best use of the Council's resources to enable delivery of the strategic aims and, at the same time, enhancing the customer experience, access and engagement.
Financial implications to include reference to value for money	Y	<p>The recruitment of a Head of Service for Revenues and Benefits, will be funded on a self-funding basis.</p> <p>The next iteration of the Council's Medium Term Financial Strategy (MTFS) will increase both the annual staffing budget by £30,000 (WDBC's 40% share of the staffing cost for a Level 3 Head of Service) and the annual income from council tax by £30,000 (to reflect the anticipated increase in council tax collection rates by at least 0.5%).</p> <p>In addition, the stretching targets that the new Head of Service will be set, will mean that the Council will continue to improve collection rates across council tax and business rates generating significant further income for the Borough Council.</p> <p>As such income will increase in 2023/24 by a further £105,000. This made up of a further 0.5% increase in Council tax collection rates and £70,000 from increased Business Rate Collection. The latter will also be aligned to the resetting of the Business Rates baseline to maximise business rates income.</p>

Risk	Y	That the Council fails to implement the recommendations of the Revenues and Benefits Service Review. That the Council fails to deliver a Revenues and Benefits Service that meet the expectations of Members and our customers
Supporting Corporate Strategy	Y	Quality Council Services; ensuring that we make the best use of the budget available to us to ensure value for money
Consultation and Engagement Strategy	N	External consultation and engagement has not been undertaken with regard to this report.
Climate Change - Carbon / Biodiversity Impact	N	No direct carbon or diversity impacts arise from this report
Comprehensive Impact Assessment Implications		
Equality and Diversity		None
Safeguarding		None
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		None
Other implications		None

Supporting Information

Appendices:

None

Background Papers:

None