


Agenda Item No:	6	
Committee:	Overview and Scrutiny	
Date:	13 January 2020	
Report Title:	Anglian Revenues Partnership (ARP) Update	

1 Purpose / Summary

To update Overview and Scrutiny on performance of the Council's Revenues and Benefits service, since it became part of ARP on 1 April 2014.

2 Key issues

- At Council on 19 December 2013, Members endorsed the Council's approach to Service Transformation including the way forward in respect of Shared Services. This meeting approved that the Council's Revenues and Benefits service join ARP as of 1 April 2014.
- The Business Case for Fenland joining ARP, as previously advised to Council at its 19 December 2013 meeting generated savings to ARP of £272,000 per full year, of which Fenland receives £136,000 per full year over five years.
- In addition to the original savings detailed above the ARP have achieved efficiency targets of £531k in respect of 2017/18 rising to £1.017 Million for 2018/19. The table below shows that Fenland's contribution is still lower than it was when joining the partnership in April 2014.

ARP Partner Budgeted Contributions from 2014 to 2020						
By Partner	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Breckland	1,960,573	1,909,805	1,930,732	1,864,022	1,822,280	1,843,134
Fenland	1,306,332	1,172,954	1,203,425	1,171,988	1,120,962	1,235,369
West Suffolk	2,413,053	2,315,883	2,339,784	2,282,698	2,209,892	2,238,330
East Cambs	1,143,817	1,113,589	1,129,429	1,062,654	1,043,406	1,056,789
East Suffolk	2,975,533	2,884,600	2,970,894	2,829,300	2,690,957	2,985,567
	9,799,308	9,396,831	9,574,263	9,210,662	8,887,497	9,359,189

- At Council on the 6 November 2014, Members approved the introduction of an in house ARP Enforcement Agency Service (previously called Bailiffs). The service is being run by ARP to ensure that customers are treated fairly and are not overcharged fees.
- As full members of the ARP, the Council has joint control over its governance and direction, with a Member (the Portfolio Holder for ARP) sitting on the Joint Committee together with Members from the other four main partner Councils.
- Joining ARP demonstrates the Council's open-minded approach to shared services. Discussions will continue in other areas where a robust business case can be developed which delivers savings and maintains a high quality service to residents and local businesses.

3 Recommendations

That Overview and Scrutiny are requested to:

- Note the attached report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder	Councillor Chris Boden and Councillor Mrs French
Report Originator(s)	Adrian Mills, Strategic Manager, Billing & Benefits
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Background Paper(s)	N/A

1 Background

- 1.1 ARP is a shared Revenues and Benefits service that from April 2014 comprised five partner authorities (Breckland, East Cambs, Fenland, Forest Heath and St Edmundsbury). It also had a partnership working arrangement with Suffolk Coastal and Waveney District Councils. From April 2015 Waveney and Suffolk Coastal also became full members of the ARP.
- 1.2 In April 2019 Waveney and Suffolk Coastal merged to become East Suffolk Council and St. Edmundsbury and Forest Heath merged to become West Suffolk Council
- 1.3 The ARP has the 3rd largest caseload for Revenues and Benefits in England as shown below:-

	*Ctax properties	**Business rates	***Housing Benefit	Total
Birmingham	440,950	47,270	103,155	591,375
Leeds	352,370	29,380	60,410	442,160
ARP	338,560	28,440	50,364	417,364
Cornwall UA	270,090	31,550	37,601	339,241
Sheffield	247,440	18,880	45,763	312,083
Manchester	228,300	26,610	52,427	307,337
County Durham UA	244,120	15,490	42,719	302,329
Liverpool	227,240	18,790	53,156	299,186

* Source: Valuation Office Agency (20 Sept 2018)

** Source: MCHLG Local Rating List (31 March 2018)

*** Source: DWP Housing Benefit Caseload Statistics (14 August 2018)

- 1.4 ARP's Revenues and Benefits service is responsible for; making Benefit awards (both Housing Benefit and Council Tax Support) to the value of over £200 million, claiming housing benefit subsidy back from the Government of £160 million per annum and are responsible for the billing and collection of more than £695 million in Council Tax and Business Rates per annum.
- 1.5 ARP operates a Joint Committee to facilitate the delivery of the Revenues and Benefits service for each of the seven full member authorities of ARP, which is delegated through Section 101 (5) of the Local Government Act 1972 and regulations made under section 20 of the Local Government Act 2000. At its meeting on 27 February 2014, Council resolved to agree to the arrangement above.
- 1.6 The arrangements outlined in section 1.4 above mean that the Joint Committee is enabled by legislation to make decisions on behalf of all the Councils that are part of ARP with regards Revenues and Benefits service provision.
- 1.7 The Council is represented at Joint Committee by the ARP Portfolio Holder. The Joint Committee meets at Breckland District Council four times annually. Meetings have been attended by Fenland Members quarterly since the 30 June 2014. The Leader noted the

effective running of meetings and is confident that the Joint Committee allows Fenland's interests to be fully represented as part of ARP.



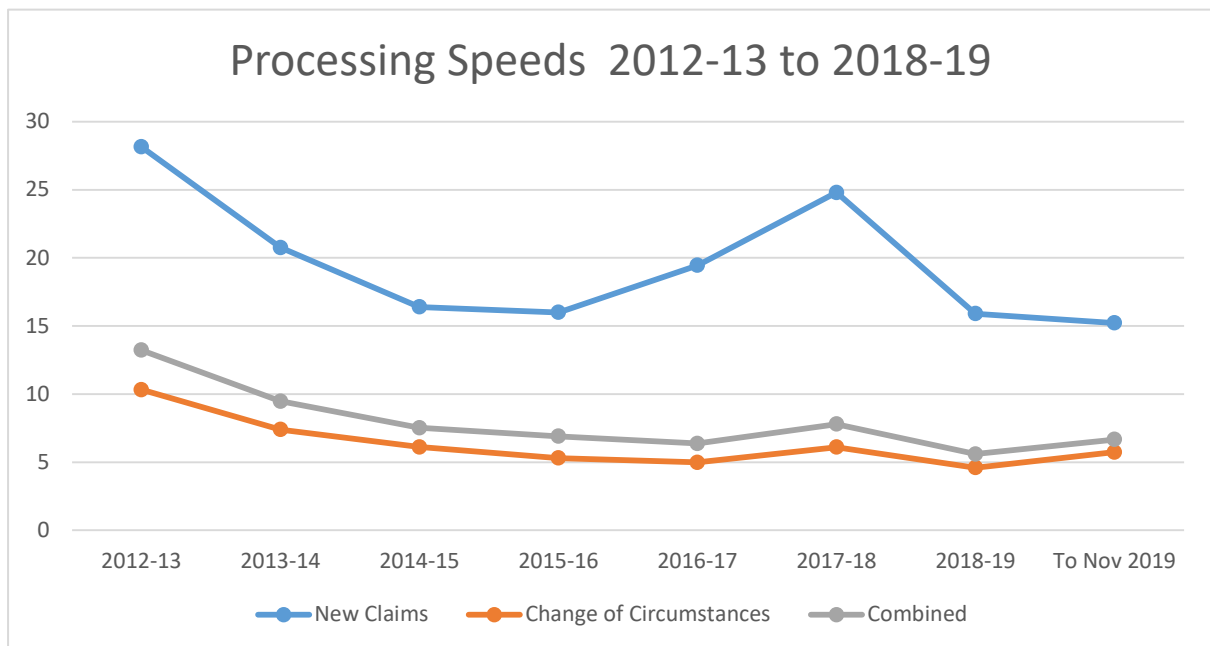
- 1.8 The shared service generates £680k of savings to Fenland over five years by:-
- Reductions in staff by sharing activities across Councils, by economies of scale.
 - Councils sharing contracts for certain services such as computer systems, print and post costs, etc. to reduce unit costs.
 - Additional savings as processes and functions merge between ARP partners.
- 1.9 The ARP Enforcement Agency Service has been active since the end of July 2015 and over £13 Million has been collected in respect of Council Tax and Business Rates arrears, of which over £1.7M has been for Fenland. Performance has been monitored and compared with the performance when the service was provided externally. The in-house team has achieved a collection rate which compares favourably with external providers previously used by the Partnership.
- 1.10 The Enforcement team is working much more closely with the Council Tax teams than the external providers were able to. We are better able to respond in cases where vulnerable people are involved to help those people who are genuinely having difficulty in paying and where appropriate the team can withdraw statutory fees.
- 1.11 In 2017 South Norfolk District Council, and in 2019 Norwich City Council, delegated their Enforcement work to Breckland Council and so their cases are also dealt with through the ARP Enforcement team.
- 1.12 The Enforcement Agency Service charges fees in respect of the cost of collection, in the past these fees were charged and retained by the external bailiff companies, it is

estimated that for 2019/20 there will be a surplus of fees collected in comparison to the cost of the service of over £800,000 which will be shared by the partner councils of the ARP. Fenlands share of the surplus is estimated at over £90K.

- 1.13 ARP represented the first major shared service initiative for the Council. Following a robust Business Case, it is delivering significant financial savings whilst at the same time maintaining the high standards of performance and customer service that underpin Council services.

2 Revenues and Benefits performance since 1 April 2014

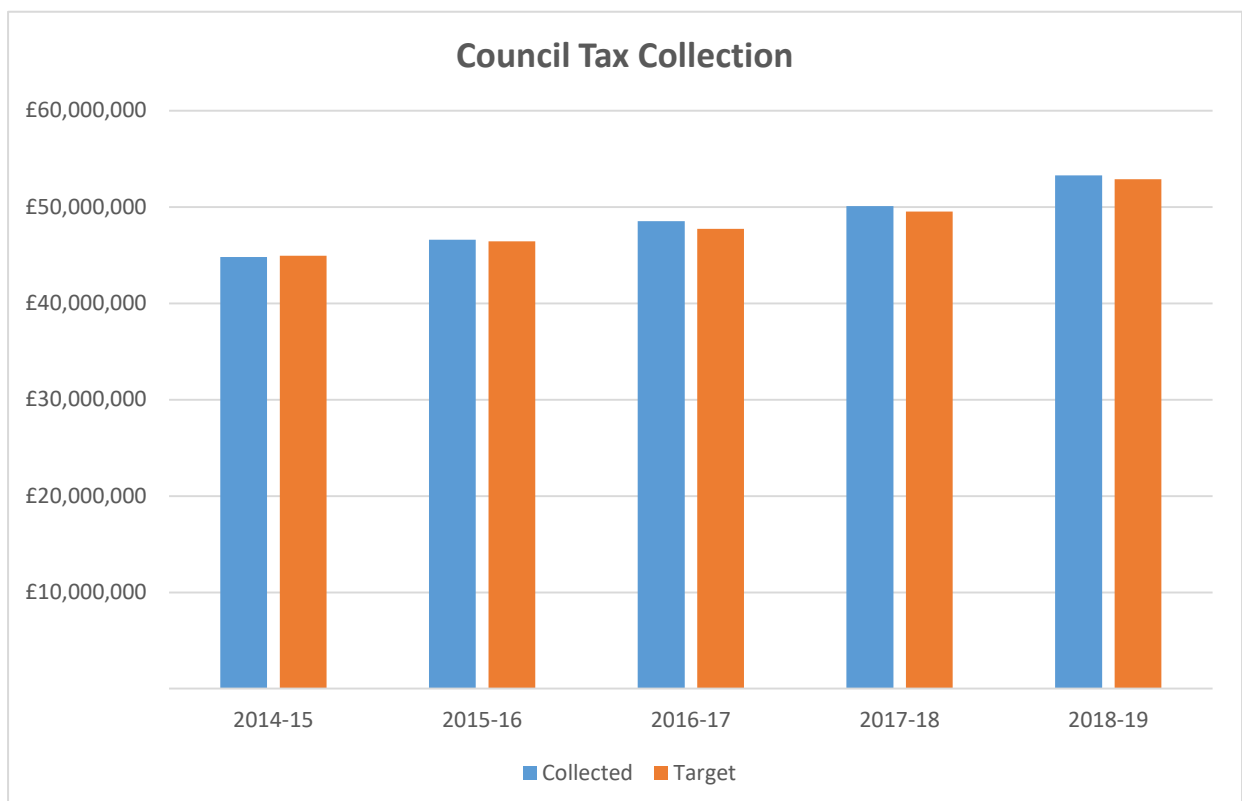
- 2.1 Benefits performance continues to achieve agreed targets each year. The chart below shows the performance for the last 5 years:-

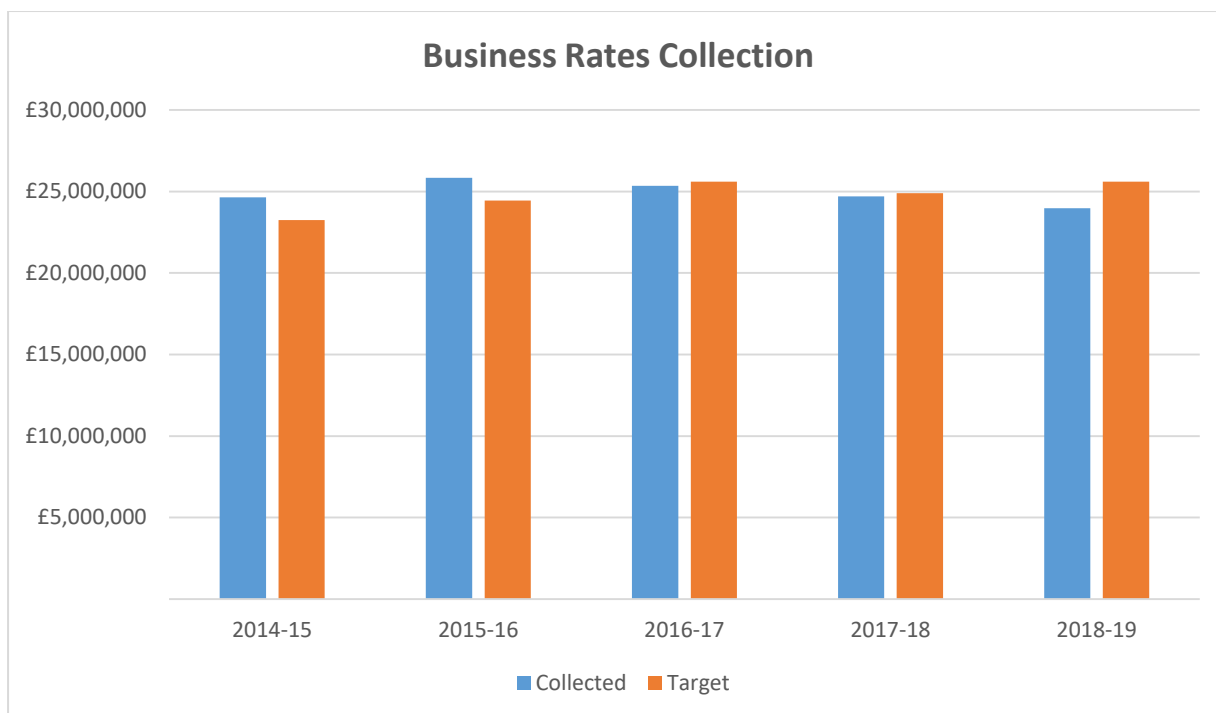


- 2.2 The introduction of Universal Credit impacted assessments in 2017 to 2018, leading to us changing our processes and amending the Local Council Tax Support scheme, following consultation, to improve performance. The improvement is evident since 2017 with the direction of travel on track.
- 2.3 Changes to state-administered benefits such as Jobseekers' Allowance mean that Council-administered benefits (Housing Benefit and Council Tax Support) may need adjusting as customers' income changes. Information regarding these changes is now received each day, allowing claims to be updated automatically without time-consuming additional work for the majority of cases.
- 2.4 Since September 2018 most working age residents needing to make a new claim have had to apply for Universal Credit for help to pay their rent. We were able to implement this change with minimal customer impact following our previous experience across the partnership, where collaborative working with DWP, stakeholders and internal teams eased the customer journey. Meanwhile, Councils continue to assess Housing Benefit for existing customers, as well as assessing their Council Tax support. DWP is presently

trialling processes to migrate the bulk of existing cases to Universal Credit. To date the trial at Harrogate has moved very low numbers of volunteer customers. The DWP aims to take the pilot results to Parliament later in 2020 to consider and determine the next steps in the roll out of Universal Credit. The outcome of the General Election is expected to shape future plans. We continue to participate in LGA led national forums with DWP to influence and shape Universal Credit plans as well as wider welfare reforms.

- 2.5 The DWP Housing Benefit speed of processing average for new claims in 2018/19 was 21 days.
- 2.6 Each year as part of the setting of the budgets targets are set in respect of the income we need to collect in the Council Tax collection fund and the NNDR collection fund.
- 2.7 Collection Funds are how Councils account for the collection of both Council Tax and NNDR. All monies received in respect of these are paid into these funds held by the Council and then distributed to precepting authorities (Cambs County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority) and then to Fenland District Council to contribute towards overall funding.
- 2.8 Collection of Council Tax and NNDR is monitored monthly and performance is reported to the Joint Committee. The collection of Council Tax for the 2014/15 to 2016/17 financial years was above target as shown in the charts below and NNDR under target in 2018/19 due to backdated refunds for appeals of Doctors Surgeries:-





The change over the last full financial year for Council Tax and Non-Domestic rate yield are as shown below:-

	31 March 2018	31 March 2019
Council Tax	£50,100,713	£53,286,256
Non-Domestic Rates	£24,692,443	£23,969,262

The reduction in Non-Domestic rates yield is down to £1.4M of backdated refunds due to successful appeals against Rateable Values.

- 2.9 The yield is budgeted for in the Council's annual budgets with a continuing increase in the number of both commercial and domestic properties in Fenland as the table below shows:-

Date	Commercial properties	Domestic properties
1/4/14	2,990	43,381
1/4/15	3,032	43,777
1/4/16	3,046	44,226
1/4/17	3,059	44,429
1/4/18	3,087	44,943
1/4/19	3,112	45,343

- 2.10 At the end of November 2019 collection is ahead of the collection fund targets for Fenland as set out below:-

	Collection Fund target £	Actual £	Difference £
Council Tax	42,581,891	42,899,990	+ 318,099
Non-Domestic Rates	17,938,674	17,978,498	+ 39,824

- 2.11 The variance in respect of NNDR collection is affected by the need to make provision for appeals against the NNDR Rating List. In the current financial year there has already been over £1M refunds due to successful appeals. The Rating List is the basis of NNDR and is in essence the market rental value of each property that takes into account the type of property, location and turnover. This information is used to create the "Rateable Value" by the Valuation Office Agency (VOA) (a Government agency), that together with the nationally set "Multiplier" sets the basic rates payable each year that the Council bills and collects.
- 2.12 A large number of businesses appeal to the VOA as they think that their Rateable Value has been assessed as too high. If these appeals are successful, this will reduce the rates payable and in turn reduce the yield the Council receives.
- 2.13 In addition to the standard methods of recovery, the ARP recovery team also undertake more resource intensive recovery actions such as obtaining Charging Orders against a debtor's property or applying for their bankruptcy. Funding was previously provided by each County Council to support this work as they are the largest beneficiary, however in April 2018 Cambridgeshire County Council ceased their support and therefore from this date action has been taken on only a few cases as resources have allowed. It is currently being considered whether Fenland should support this work.

3 Other developments this year

- 3.1 As part of the ARP Digital Transformation Project, a self-service facility, provided by CAPITA, is available to all residents in the geographical areas covered by the Five Authorities from the Anglia Revenues Partnership. This enables the customer to view their Council Tax, Business Rates and Benefits documentation online, reducing the number and cost of this information being printed, packed and sent out by post.
- 3.2 Significant changes have occurred in the investigation of fraud and error. In November 2014 the DWP set targets for LAs to reduce claimant error in the Benefits system.
- 3.3 ARP identified the software Councils used to assess and review claims did not have the functionality to enable the identification of suitable cases. It worked with the software company to lead on and develop a bid on behalf of 139 LAs to a DWP fund established to assist LAs with this new task.
- 3.4 This process involved ARP in extensive discussions with the software company, DWP and through LA user groups the other LA sites, resulting in a successful bid for

substantial funding awarded to the ARP to develop, test and implement a solution for the 139 LAs.

- 3.5 The software is now live and available for all the LAs to use. ARP has been involved in further meetings with the DWP, who are running a case study to share nationally the best practice identified by ARP.
- 3.5 Housing Benefit fraud transferred to the DWP on the 1 September 2015 for all partner Councils to become part of the DWP's Single Fraud Investigation Service (SFIS). ARP presented a business case to Joint Committee to fund a post within the Counter Fraud team to concentrate on other areas of fraud, retaining the skills of experienced investigators to maximise areas of fraud which affect the income of the seven partners and the three County Councils. Despite the team only having been formed on 1 September 2015 they are consistently exceeding targets. Fenland and East Cambridge, together with all other Cambridgeshire local authorities are in continued discussions with Cambridgeshire County Council regarding a Cambridgeshire Fraud Hub. The proposed model links to funding the review of Single Person Discounts at a local authority level. Norfolk County Council has committed to continue providing funding until March 2021 and Suffolk County Council until March 2020, at which point a further review will take place.
- 3.6 The Fraud team have worked on tenancy fraud cases from April 2015, the National Audit Office state that the average saving from tenancy fraud to the public sector purse is £18,000 per case. The ARP continues to work with the annual NFI data extract to identify potential fraudulent activity.
- 3.7 The table below shows the performance of the fraud team, The Single Person Discount fraud shows the amount saved from the date the discount is removed to the end of the financial year:-

2017 – April to October	Overall fraud identified	Fenland fraud identified
Single Person Discount.	£304,010.51	£8,935.45
Council Tax Support	£152,690.92	£23,185.14
Tenancy Fraud	£288,000.00	£36,000
Other Council Tax	£202,339.18	£12,459.10
Other Business Rates	£752,833.01	£42,936.05
Total identified	£1,699,873.62	£123,515.74

4 Changes to the Governance of ARP

- 4.1 Each Council had two Members who sat on the Joint Committee. For Fenland, this was the Leader and the Finance Portfolio Holder. This gave the Joint Committee a composition of fourteen Members.
- 4.2 The previous report advised that when Suffolk Coastal and Waveney Councils became full members of ARP, it may be necessary to further review Joint Committee membership. The review has taken place and the Joint Committee agreed that there would be a reduction in members from two per authority to one and all partner councils have approved this recommendation. However, this has not weakened Fenland's (or any partner council's) position with regards to Governance. Fenland still have the same voting

ratio with regards to Joint Committee decisions in future. Full Council agreed this change on the 5th November 2015.

- 4.3 From the 1st April 2019 the two merged Council have one member each reducing the number of members on the joint Committee to five.

5 Future developments and expansion of ARP

- 5.1 Now that we have 5 partners in the ARP the Joint Committee have agreed that it is unlikely that we will agree to any further full members unless the benefits of doing so are significant. However it is still the intention to look for future growth in other ways.
- 5.2 All five partners have become joint shareholders of the Anglia Revenues Partnership Trading Company (ARPT). The trading Company is not currently trading but is ready and constituted to trade where it would be beneficial and partnership arrangements would not be appropriate.
- 5.3 Joint Committee and the Operational Improvement Board
- 5.4 The business cases that will be considered in the first instance are likely to be
- Consultancy services on partnership planning and service delivery
 - Resilience – staff on an agency basis, when our resources allow
 - Fraud investigation and Council Tax maximisation
- 5.5 Every ARPT business case will include information concerning the way in which the opportunity is to be resourced. All partners agree that the first priority will continue to be to ensure that the current services provided by the ARP for residents are in no way compromised by any trading activities.
- 5.6 When Fenland joined ARP, it was able to realise the long-term savings mentioned in this report. Any further efficiency savings and trading opportunities will see a share coming to Fenland. ARP will continually seek to generate further savings and income and will not compromise existing service quality for existing member authorities and residents.
- 5.7 The great success of the Enforcement Agency has meant that, in addition to maintaining Council Tax and Business rates collection, the number of complaints has been low with only 2 complaints in the current financial year neither of which were justified nor concerning Enforcement Agent conduct. Body worn cameras mean that where ever concern is raised with regards Enforcement Agent conduct managers can view the details of any conversations between enforcement agents and customers.
- 5.8 In the past private bailiff companies would carry out this work on our behalf for no charge. The companies made their profits from the statutory fees charged to debtors. Since the services were brought in house the enforcement team collect fees that lead to surpluses that go back to Councils to provide services for residents. In 2019/20 it is estimated that over £800k of surpluses will be collected of which over £90k will be Fenlands share.

- 5.9 In 2016 South Norfolk District Council delegated their enforcement work to the ARP which will add further resilience and efficiencies to the team.
- 5.10 Norwich City Council and the ARP entered a management sharing agreement from the 01/04/2017 which reduces ARP costs by £80k per annum and Norwich also joined the ARP enforcement agency from July 2019. We have also secured funding from Norfolk County Council to enable us to undertake single person discount and LCTRS fraud work on behalf of Norwich City Council.