

Agenda Item No:	9	
Committee:	Overview and Scrutiny	
Date:	7 December 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 in 2020/21 is still lower than it was when joining the partnership in April 2014 and the draft budgets show this will continue into 2021/22.

ARP Partner Budgeted Contributions from 2014 to 2020							
By Partner	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Breckland	1,960,573	1,909,805	1,930,732	1,864,022	1,822,280	1,843,132	1,960,626
East Suffolk	2,975,533	2,884,600	2,970,894	2,829,300	2,690,957	2,985,568	3,093,230
Fenland	1,306,332	1,172,954	1,203,425	1,171,988	1,120,962	1,235,370	1,255,238
East Cambs	1,143,817	1,113,589	1,129,429	1,062,654	1,043,406	1,056,788	1,121,411
West Suffolk	2,413,053	2,315,883	2,339,784	2,282,698	2,209,892	2,238,331	2,378,288
	9,799,308	9,396,831	9,574,263	9,210,662	8,887,497	9,359,189	9,808,793

- 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 Deputy Leader) 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 – Leader and Strategic Portfolio Holder Councillor Mrs Jan French – Deputy Leader and Operational Portfolio Holder
Report Originator(s)	Paul Corney, Head of Anglia Revenues Partnership Email: paul.corney@angliarevenues.gov.uk Tel: 01842 756437
Contact Officer(s)	Paul Corney, Head of Anglia Revenues Partnership Email: paul.corney@angliarevenues.gov.uk Tel: 01842 756437 Sam Anthony, Head of HR & OD Email: santhony@fenland.gov.uk Tel: 01354 622268 Peter Catchpole, Corporate Director Email: petercatchpole@fenland.gov.uk Tel: 01354 622201
Background Paper(s)	

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 operates a Joint Committee to facilitate the delivery of the Revenues and Benefits service for each of the five 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.
- 1.5 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.
- 1.6 The Council is represented at Joint Committee by the Deputy Leader. The five members, one from each Council, who form the Joint Committee meet at Breckland House in Thetford four times annually (although more recently meetings have been held remotely). 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.



- 1.7 The shared service generates £680k of savings (and this assumes no inflationary increase since 2014/15 so the actual savings are far greater) 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.
 - Income generated from work that would not be in-house if we did not have the economies of scale we have (such as Further Recovery, Enforcement and Fraud work)
- 1.8 The ARP Enforcement Agency Service has been active since the end of July 2015 and over £18.4 Million has been collected in respect of Council Tax and Business Rates arrears, of which over £2.4 Million 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.
- 1.9 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 and extend recovery into a new financial year.
- 1.10 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.

- 1.11 From late 2020/21 East and West Suffolk will also be passing cases for parking enforcement to the ARP enforcement team. This will increase the team's resilience and improve the collection of fines and fees.
- 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, for 2019/20 there was a net surplus of fees collected in comparison to the cost of the service of over £740,000 which will be shared by the partner councils of the ARP. Fenlands share of the surplus is estimated at over £80K. The 20/21 value will be seriously affected by Covid restrictions.
- 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.

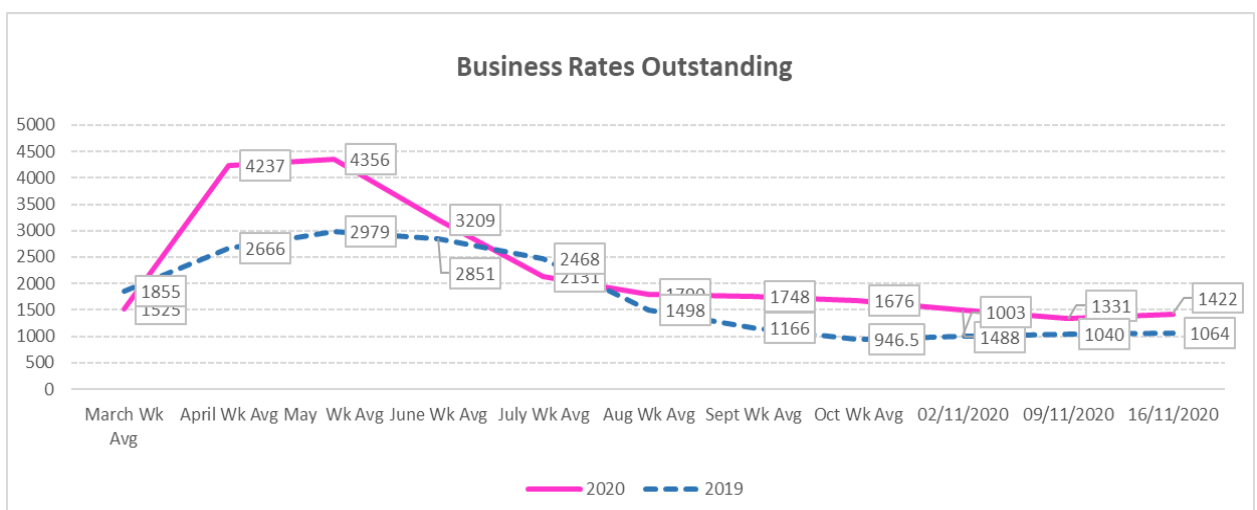
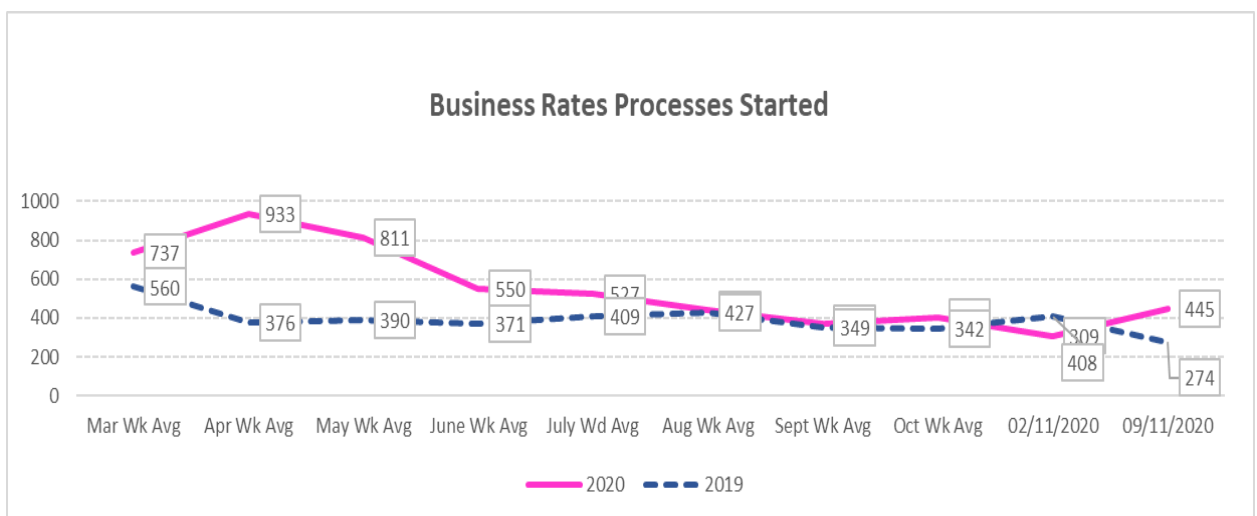
2 Revenues and Benefits performance and the response to Covid

2.1 Business Rates

- 2.2 2020/21 has so far seen an unprecedented increase in workload and calls. There has been an effective response from the ARP and all partners in paying grants whilst maintaining business as usual at the same time
- 2.3 At the budget in March, Government announced that it was going to expand the existing Retail Relief scheme by removing the Rateable Value limit for relief, increasing relief to 100% and including business involved in leisure and hospitality. This is to be fully funded by the Government. Later the Government announced that 100% rate relief would be provided to childcare nurseries.
- 2.4 Relief has been granted to 5,444 businesses across the partnership amounting to over £100M. In Fenland the figures are 553 and £8,776,015 respectively.
- 2.5 Government also announced that certain businesses would be entitled to grants. Funding was provided by Government to each authority to make these payments: -
- Businesses in receipt of Retail, Hospitality & Leisure (RHL) relief would be entitled to a grant of up to £25K, dependant of rateable value. Businesses whose rateable value was above £51K were not entitled to the grant.
 - Those businesses entitled to Small Business Rates Relief were also awarded grants of £10K

- Charities who would have been entitled to RHL grant had they not received charitable relief were added later.

- 2.6 All the above measures required a significant amount of resource to achieve. Accounts were reviewed for entitlement to relief and lists prepared of those entitled to grants. The Government issued updated guidance frequently which then had to be reflected in the accounts and qualifying grants lists.
- 2.7 The NNDR team worked closely with all partners to facilitate payment of the grants, dealing with numerous queries as they arose. The team received over 1700 queries for resolution over and above the incoming work described further on in this report.
- 2.8 The Government announced a discretionary grants scheme in May. Following guidance issued on 13 May, a new set of qualifying properties had to be identified and passed to each partner to help inform their schemes.
- 2.9 As a result of the new reliefs and grants for business rates payers there was significant increase to the number of phone calls and correspondence to The Business Rates team. At its peak up by 300% at the same point last year as demonstrated below: -



2.10 There have also been many other demands on our resource since March in order to communicate with and update customers, Government and the partner authorities. These include: -

- Updates to website
- Updates to recorded messages on the telephones (RAD messages)
- Amendments to templates which mention recovery action/costs
- Additional web forms published to allow ratepayers to request payment arrangements
- Provision of statistical data for comparison & monitoring of progress
- Regular review meetings with partner authorities for Grant application queries
- Daily monitoring of info from the Government
- Government returns
- New round of grants due to second lockdown

2.11 Business Rates Collection

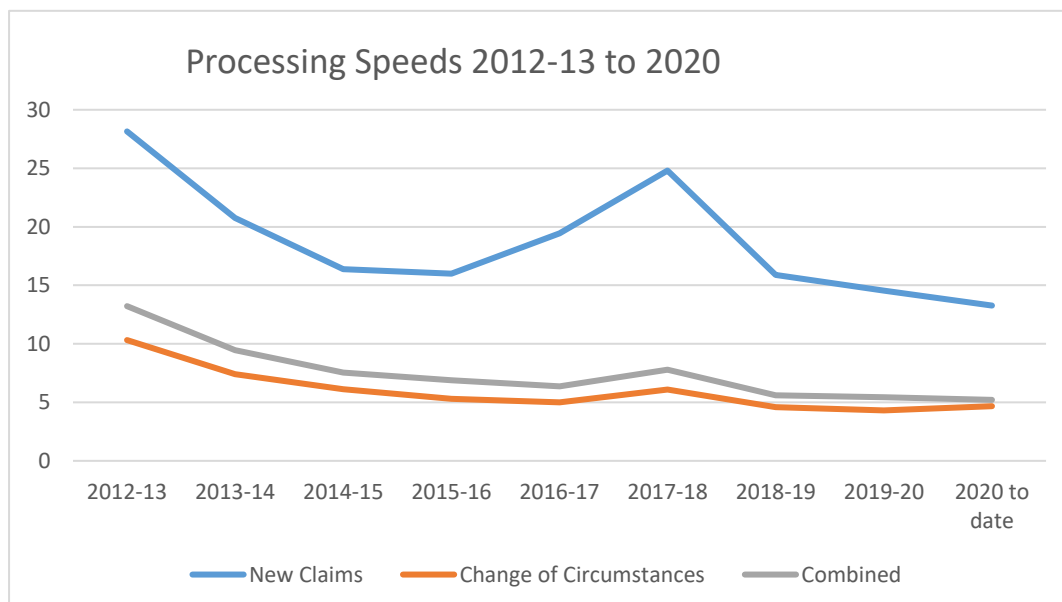
Magistrates Court Hearings for Liability Order applications have only just re-commenced which will impact on collection and recovery of both business rates and council tax this financial year. The first Court this year will be on 2 December 2020; the summonses were issued on 30 October 2020. Until we were able to re-commence formal recovery actions, accounts were reviewed regularly, and a series of statutory reminders and soft reminders were sent for outstanding instalments.

However, despite the restriction to recovery mentioned above, business rates collection is on target for the current financial year. Targets have been adjusted to reflect the 100% retail, leisure and hospitality relief awarded this year which is fully funded by The Government and has helped to maintain collection.

Target October 2020	Collected	Variance
£10,586,019	£11,279,721	+ £693,702

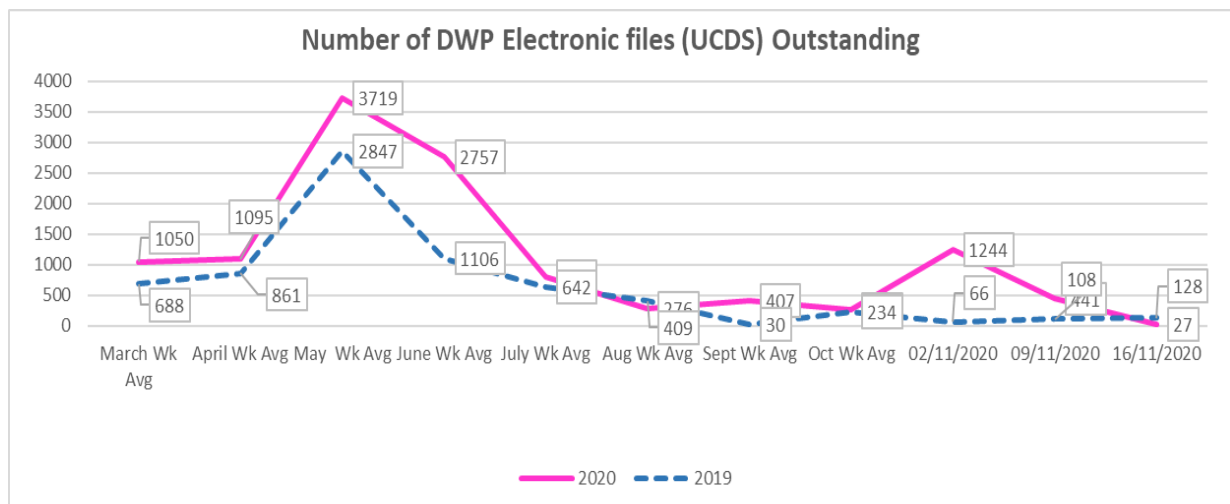
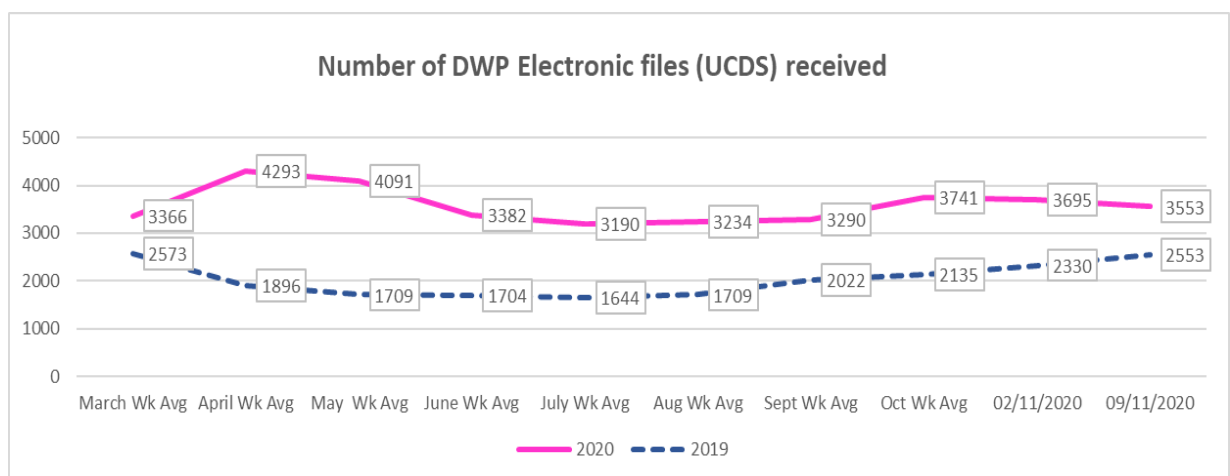
2.12 Billing and Benefits

Benefits performance continues to achieve agreed targets each year. In 2012/13 new claims were being processed in just under 30 days and change of circumstances in over 10 days. Performance this year is under 15 days for new claims and less than 5 days for change of circumstances. The chart below shows the performance since 2012/13: -



2.13 When the lockdown was implemented, we immediately saw an increase in new Universal Credit claims and monthly award revisions, peaking at a five-fold increase in new claims in mid-April compared to the same time last year. This has since settled to approximately double the volume we received last year.

2.14 Due to previous changes we had introduced to our Local Council Tax Support schemes, the impact on customers has been significantly reduced given we do not require customers to complete a separate application form to claim Support. Instead, we take DWP data to trigger a claim for Council Tax Support. It should be noted that most Councils still insist on an additional claim form, thereby placing unnecessary further burden on customers at these difficult times.



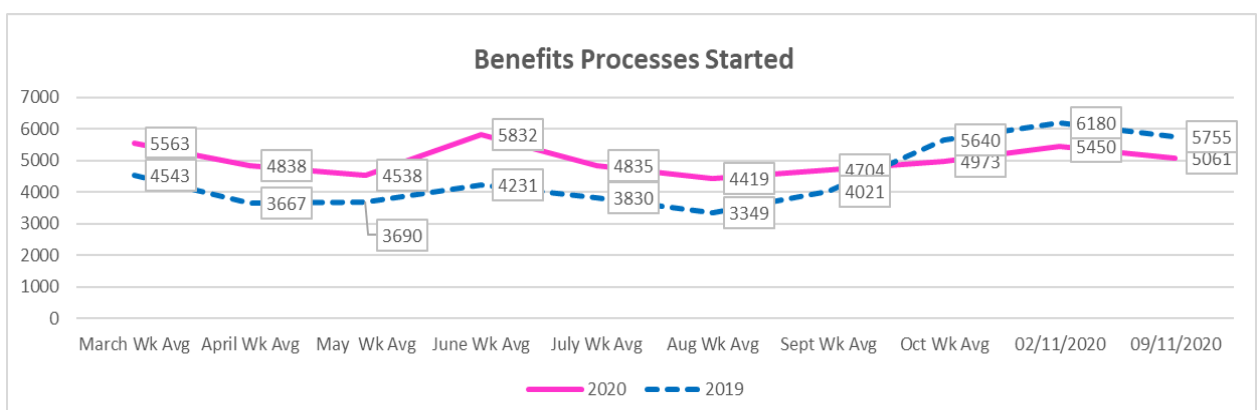
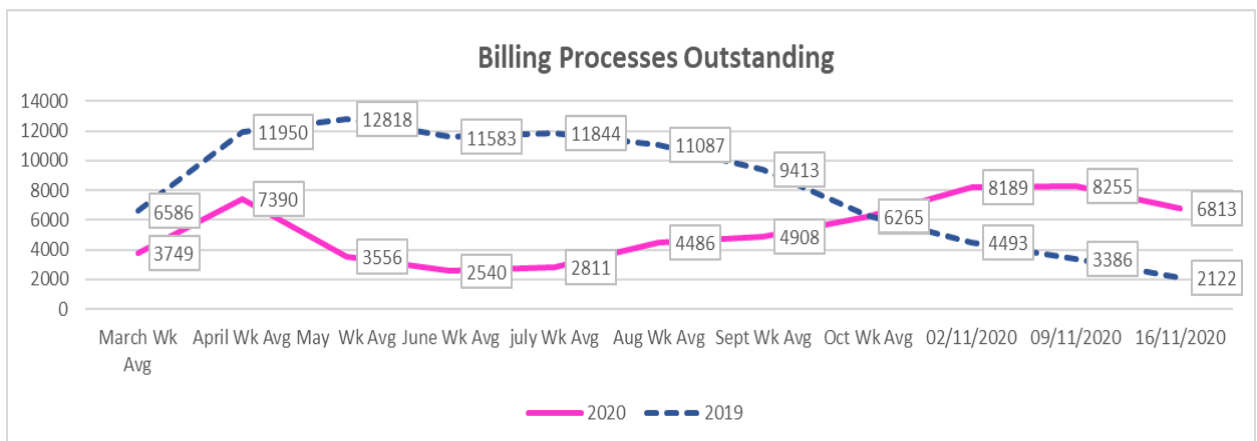
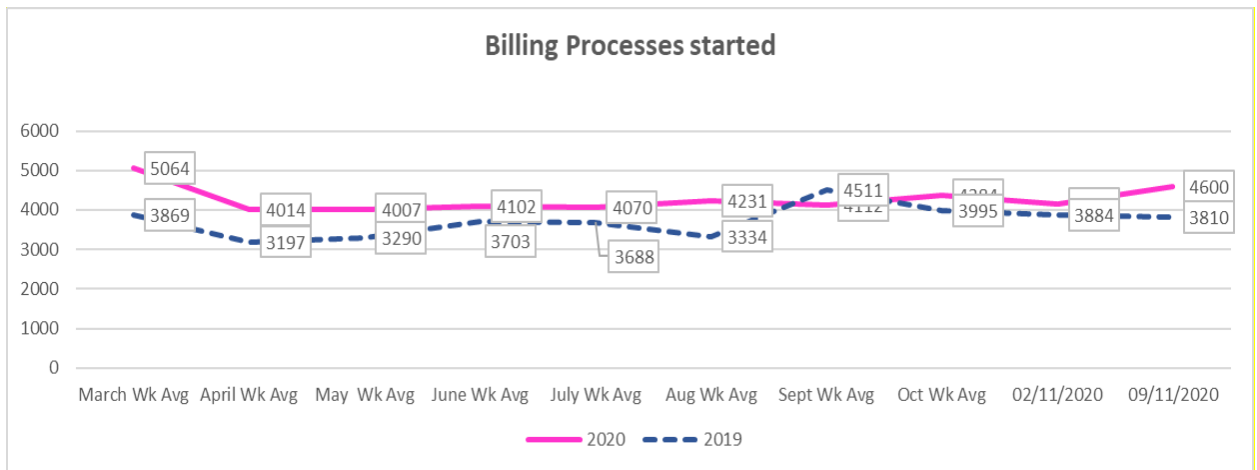
2.15 The impact of the increased UC change notifications has significantly reduced following the implementation of our project to automate these changes. We are presently automating approximately 55% and continue to work with our software supplier and the DWP to configure further functionality to increase automation opportunities. The DWP Housing Benefit speed of processing average for new claims in 2019/20 was 18 days.

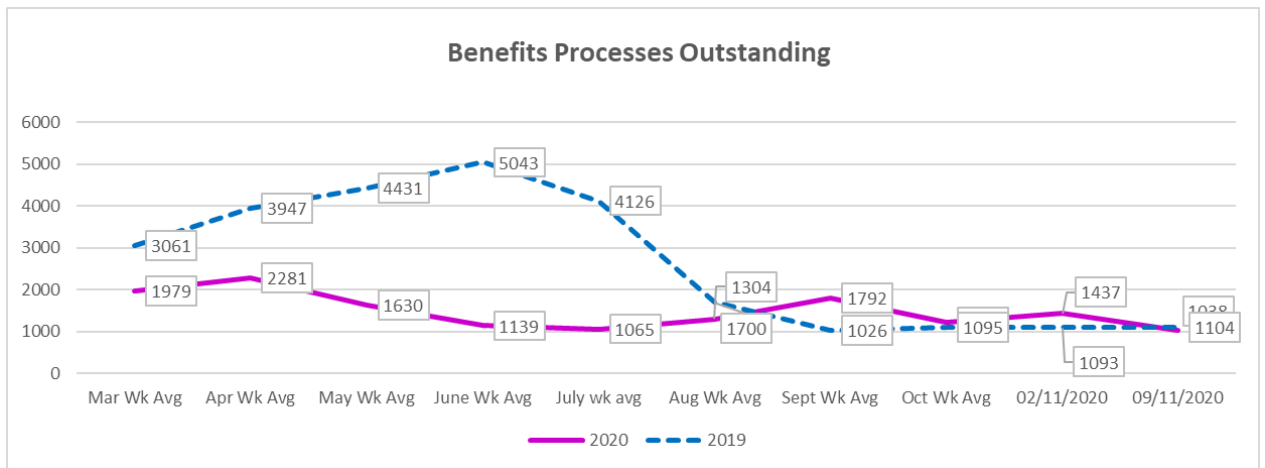
2.16 The further changes we introduced to this year's Local Council Tax Support scheme are working well, essentially the introduction of a tolerance rule to fluctuating earnings. This

results in reduced customer notifications and reduced requirement for us to frequently revise their instalment payments, thereby helping with their budgeting.

2.17 Whilst we have seen an increase in demand related to COVID-19, since March we have processed and cleared a greater volume of work, with less outstanding, when compared to last year.

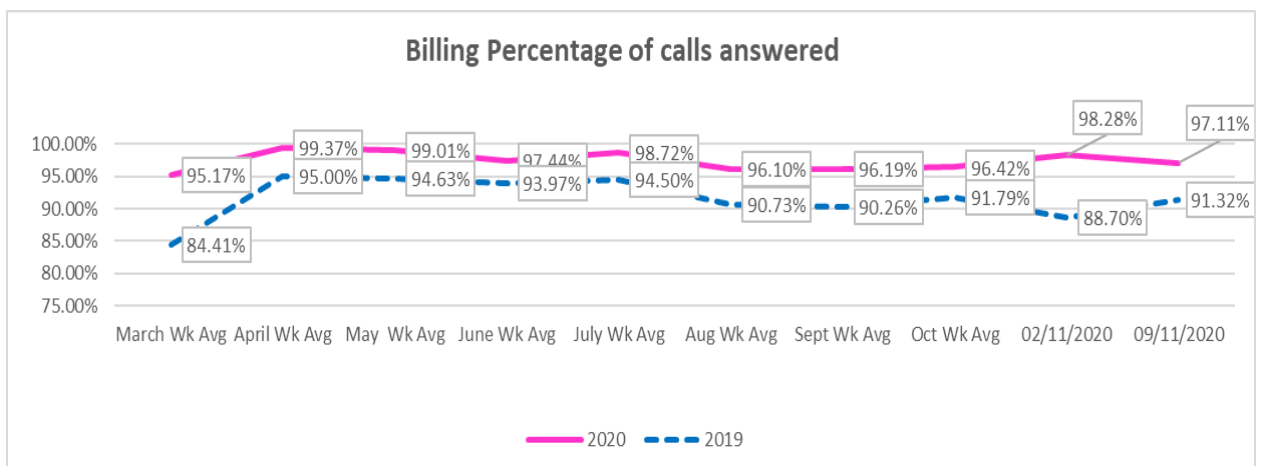
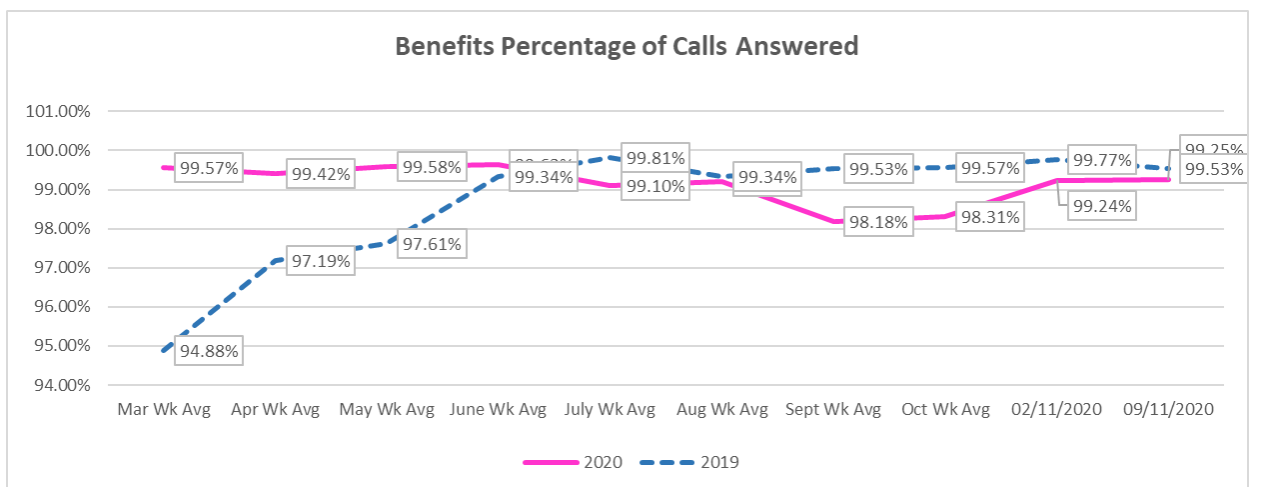
2.18 The following graphs show reductions in outstanding work when compared to last year. This is a direct result of the project we delivered last year where we introduced a new generic role to improve Council Tax Billing work, along with improved telephone call routing and handling





2.19 Without these improvements and given the increased demand caused by COVID-19, it is likely the overall picture would not be as strong for customers. Our agile approach along with performance management has been key to the improvement's customers are seeing.

2.20 The improvement in work clearance and outstanding work has significantly reduced the volume of telephone calls we received this year when compared to last year, despite the increase in demand caused by COVID-19 and associated contact. The following graphs show reduced contact this year, assisted by improved call messaging and call routing along with shift to self-serve



- 2.21 Government launched the Test and Trace support payment scheme late September with a start date of 12th October. The scheme grants £500 to encourage people who have been in contact with someone who has tested positive for COVID-19 to self-isolate, providing they meet certain eligible criteria, are on a low income and cannot work from home.
- 2.22 In partnership with our partner customer service teams we were able to quickly design and implement a claim form and process in time for the scheme going live. We continue to participate in a high-level Department for Health & Social Care (DHSC) working group to iron out issues and to make improvements to the process, in particular as the scheme is proving administratively burdensome.
- 2.23 Whilst the main scheme is fully funded, the local discretionary scheme has fixed funding. We are monitoring claim volumes and values, highlighting the risk to funding given the number of people required to self-isolate exceeds initial DHSC projections. The scheme is currently set to run to 31st January 2021.
- 2.24 In October we signed up to a Government led initiative to reduce fraud and error in the benefits system. We receive monthly data lists to conduct customer reviews to ensure the right benefit. It should be noted this scheme is voluntary for Councils this year but will become mandatory for all Council next year and is funded by DWP New Burdens grant.

2.25 Council Tax Collection

- 2.26 Collection to the end of October is behind target by just over £1.1 million against the budgeted position. Targets have been adjusted to reflect the awards of Council Tax Support hardship fund grants, whilst the anticipated increase in claims and expenditure is forecast to further increase the deficit.
- 2.27 Forecasting the economic impact of COVID-19 in terms of increased claims and expenditure is difficult – DWP do not supply any intelligence concerning future forecasting. Because Covid restrictions earlier, we are seeing higher demand in the housing market we are currently seeing increased workloads as more people move to a new house.
- 2.28 On 24th March Government announced a £500m fund to assist Council Tax Support customers economically impacted by COVID-19, with the policy intention to award a credit up to £150 to all existing and new customers receiving support during this financial year.
- 2.29 ARP participated in HMCLG meetings to design the scope of the policy and to work through guidelines for Councils. Discussions also took place with our software supplier to design the system functionality to award the grant.
- 2.30 Modelling was undertaken to forecast options to spend the grant and to estimate the level of demand the grant could meet for each Council. Our estimates established limited capacity to cover the potential full extent of significant increases in unemployment caused by COVID-19 economic downturn.

- 2.31 We have shared our modelling forecasts with HMCLG and LGA to build a case to Treasury to commit to fully funding an award to every Council Tax Support recipient this year, given the caseload data HMCLG used as at October 2019 does not take into account increases in caseload attributed to COVID-19 economic impacts. At time of writing a response has not been forthcoming.

3 Other developments this year

- 3.1 The ARP have a programme of projects called the Customer Journey. The programme is made up of several projects designed to deliver digital solutions for customers to facilitate 24/7 services and automation, where possible, of back office processing
- 3.2 The Customer journey Programme looks to improve customers experience by using self-service and automation. In the first instance this makes services readily available to customers who can self-serve whilst, freeing resource to help those more vulnerable who need more assistance.
- 3.3 Some time ago a Customer Strategy Group was set up to discuss the relationship between front facing and back office functions, the group is made up of leading officers from each Council's Customer Team and leading officers from ARP. This group looks to make the process that we follow as efficient and effective as possible.
- 3.4 A gap analysis is taking place to identify what each Council wants to for customers and what is currently offered. Once complete the Customer Strategy Group will work to make the necessary changes and will develop performance measures to identify success in achieving the objectives agreed
- 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 Five partners and the three County Councils.
- 3.6 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 advanced 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, this project has been delayed by Covid but is making good progress.
- 3.7 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 continue to work with the annual NFI data extract to identify potentially fraudulent activity.

- 3.8 The table below shows the performance of the fraud team last year, The Single Person Discount fraud shows the amount saved from the date the discount is removed to the end of the financial year and assumes the saving will continue for a further year (as per National Fraud Initiative methodology): -

2019/2020	Overall fraud identified	Fenland Fraud Identified	Fenland preceptor
Single Person Discount	£1,868,895.16	£207,457.16	£35,661.88
Council Tax Support	£217,658.35	£19,631.33	£3,374.63
Tenancy Fraud	£108,000.00	£0	£0
Other Council Tax	£216,707.89	£41,095.05	£7,064.24
Other Business Rates	£259,812.33	£89,167.21	£35,666.88
Total identified	£2,671,073.72	£357,350.74	£90,684.36

This is the amount of income obtained by the Fraud team without the additional resource and work that will be carried out once funding is shared by Cambridgeshire County Council

3.9 Further recovery

In the absence of funding by Cambridgeshire County Council funding Fenland are now contributing to allow this work to continue. This year collection is less than in previous years due to Covid-19, however this work has now resumed and the results of collection this financial year to 31 October 2020 are shown in the table below with a comparison to 2019/20

	2019/20	October 2019	October 2020
Council Tax	£54,390.37	£33,564.46	£27,103.12
Business rates	£391,025.41	£182,381.37	£108,647.60
Total	£445,415.78	£215,945.83	£135,750.72

4 Future developments

- 4.1 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.
- 4.2 As previously mentioned, West Suffolk and East Suffolk will pass their parking enforcement work to ARP Enforcement and this will deliver additional income to the partners in 2021/22.
- 4.3 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 wherever

concern is raised with regards Enforcement Agent conduct managers can view the details of any conversations between enforcement agents and customers.

- 4.4 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.
- 4.5 In 2016 South Norfolk District Council delegated their enforcement work to the ARP which added further resilience and efficiencies to the team.
- 4.6 Norwich City Council and the ARP entered a management sharing agreement from 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.
- 4.7 The Enforcement Agency is the likely area of further growth because the team are more responsive to customer needs and will make manageable arrangements for customers. In addition, the fees that are generated and collected provide a surplus that is retained by the Council Taxpayer.
- 4.8 The Fraud Hub in Cambridgeshire will offer opportunity to significantly increase the council tax base through identification of discounts and exemptions that have been erroneously claimed
- 4.9 The other major route to efficiencies and savings will come from online forms and back office automation. Through the Customer Strategy Group, we will seek to consolidate the use of online services we have seen during the pandemic. The use of online forms allows for data from the forms to be uploaded into the Capita system and from there to be processed through automation.
- 4.10 Automation and improved processes have already seen more than 4 posts saved in the establishment from 2021/22 and we anticipate far greater savings if customers transact through online forms going forward.