

Agenda Item No:	7	
Committee:	Overview and Scrutiny	
Date:	6 December 2021	
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 table below shows that Fenland's contribution in 2022/23 will be lower than it was when joining the partnership in April 2014.

By Partner	2014/15	2016/17	2018/19	2020/21	2022/23
Breckland	1,960,573	1,930,732	1,822,280	1,960,626	1,940,820
East Suffolk	2,975,533	2,970,894	2,690,957	3,093,230	3,240,696
Fenland	1,306,332	1,203,425	1,120,962	1,255,238	1,299,569
East Cambs	1,143,817	1,129,429	1,043,406	1,121,411	1,091,147
West Suffolk	2,413,053	2,339,784	2,209,892	2,378,288	2,335,817
	9,799,308	9,574,263	8,887,497	9,808,793	9,908,049

- 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 Portfolio Holder for Finance Councillor Mrs Jan French – Deputy Leader and Operational Portfolio Holder
Report Originator(s)	Adrian Mills, Assistant Head of Anglia Revenues Partnership Email: Adrian.mills@angliarevenues.gov.uk Tel: 07984 255437
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Background Paper(s)	None

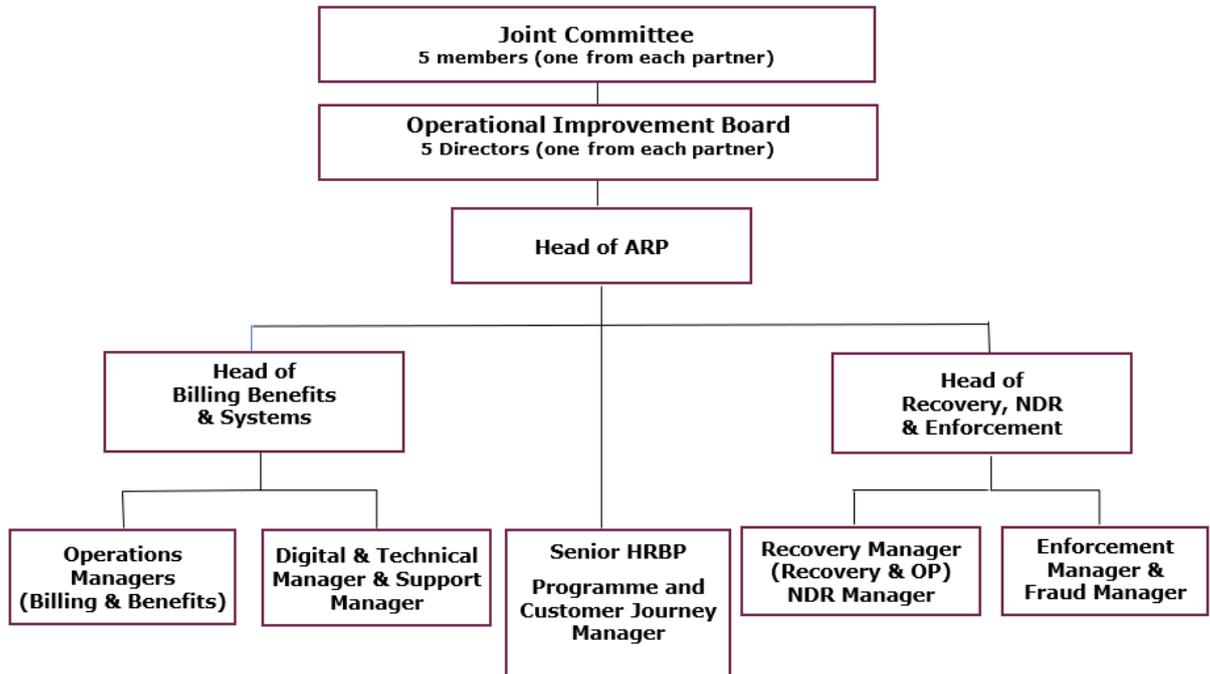
1 Background

- 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: -

	Council Tax ¹	Housing Benefit ²	Business Rates ³	Total
Birmingham	450,410	76,165	48,260	574,835
Leeds	359,140	38,913	31,620	429,673
Anglia Revenues Partnership	346,280	25,824	29,440	401,544
Cornwall	275,390	25,387	34,930	335,707
Sheffield	253,080	31,436	19,010	303,526
Manchester	236,070	35,938	27,220	299,228
County Durham	248,870	28,093	15,870	292,833
Liverpool	232,500	38,607	20,630	291,737
Bradford	219,220	22,918	19,620	261,758

(1) Valuation Office Agency, table CTSOP1.0_SUPP (Sep 2020)
(2) Dept for Work and Pensions, Housing Benefit caseload by LA (Mar 2021)
(3) DLUHC, NNDR1S hereditaments data (2021-22)

- 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, with the annual meeting in June. Meetings have been attended by Fenland Members quarterly since the 30 June 2014.



- 1.7 The ARP Enforcement Agency Service has been active since the end of July 2015 and over £21.3 Million has been collected in respect of Council Tax and Business Rates arrears, of which over £2.8 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.
- 1.8 The Enforcement team is working much more closely with the Council Tax teams more 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.
- 1.9 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, although Norwich City Council volumes are lower than anticipated as they develop their enforcement approach.
- 1.10 From April 2021 East and West Suffolk have passed cases for parking enforcement to the ARP enforcement team. This will increase the increase the fee income shared by partners. The volume of cases received is on track to meet expectations and recovery is being closely monitored.
- 1.11 The Enforcement Agency Service charges fees in respect of the cost of collection the ARPE service in 2020/21 resulted in a net deficit of £88,470. Fenland's share of this deficit was £13,987. Due to the service being affected by Covid restrictions the lead council was in receipt of a Government Grant for Lost Fees and Charges. Fenland's share of this grant was £85,736. The 20/21 figures were severely affected by Covid as the Enforcement Agents were grounded for several months. In 2019/20 there was a net

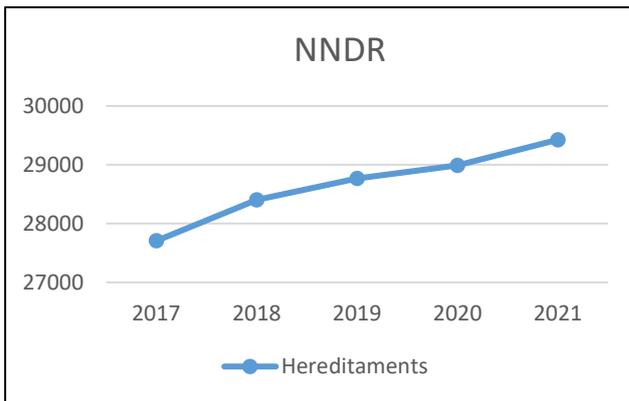
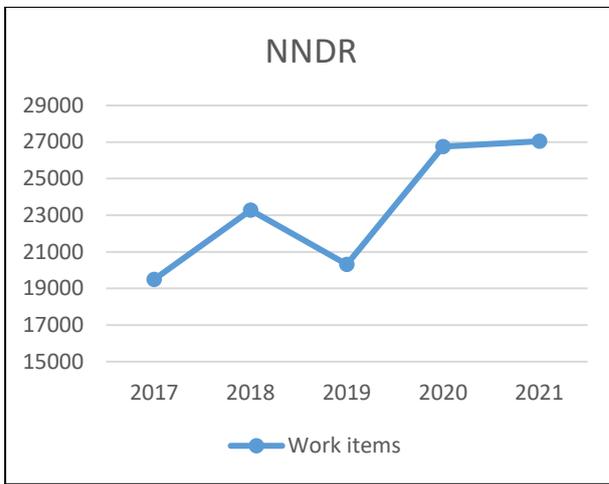
surplus of fees collected in comparison to the cost of the service of over £740,000. This year ARPE has resumed full service and we're anticipating another surplus.

- 1.12 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 recovery

2.1 Business Rates

- 2.2 2021/2022 has continued to see a heavy workload with an increase tasks and properties seen below. Collection rates have continued to improve post Covid. Work is underway in identifying new properties that haven't already been listed and subject to Business Rates.
- 2.3 A comprehensive review of Small Business Rate Relief has commenced in 2021. A three-pronged review looking at those in receipt who didn't claim SBR, external data matching and a rolling review of all awards.
- 2.4 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.
- 2.5 The Government had announced a discretionary grants scheme in the Spring budget, earlier this year to offset the drop in property valuations to prevent valuation appeals. The Government are yet to release details of this discretionary scheme.
- 2.6 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. As can be seen below, the COVID pandemic lockdown and recovery has caused incoming work to increase by a third and maintained at that level; this has been absorbed without increase in establishment.



2.7 There have also been many other demands on our resource since March 2021 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

2.8 Business Rates Collection

Magistrates Court Hearings for Liability Order applications have remained in place since December 2020 and collection is now returning to pre Covid levels.

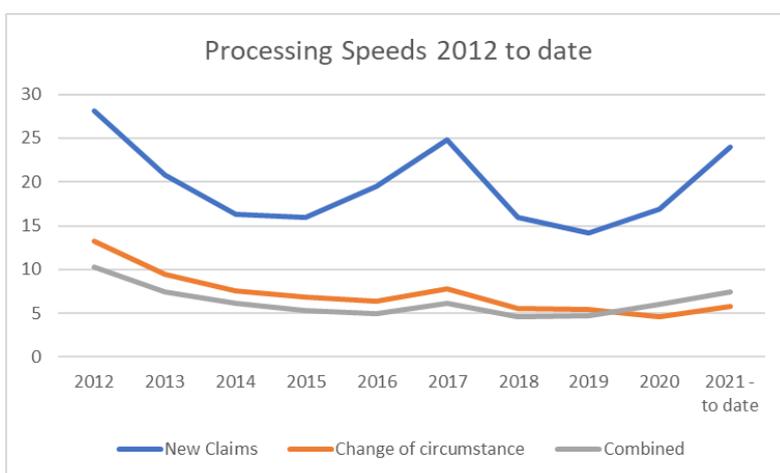
The Retail Rate Relief for Covid had been changed from 1 April 2021 – Retail, Hospitality and Leisure businesses received 100% relief up to the 30 June and then 66% relief until the end of March 2022 (subject to a cap). The Autumn Government Budget announced the relief will extend into 2022/23 at 50% rate.

Fenland collection.

Target October 2021	Collected	Variance
£13,834,339	£14,357,236	+ £522,897

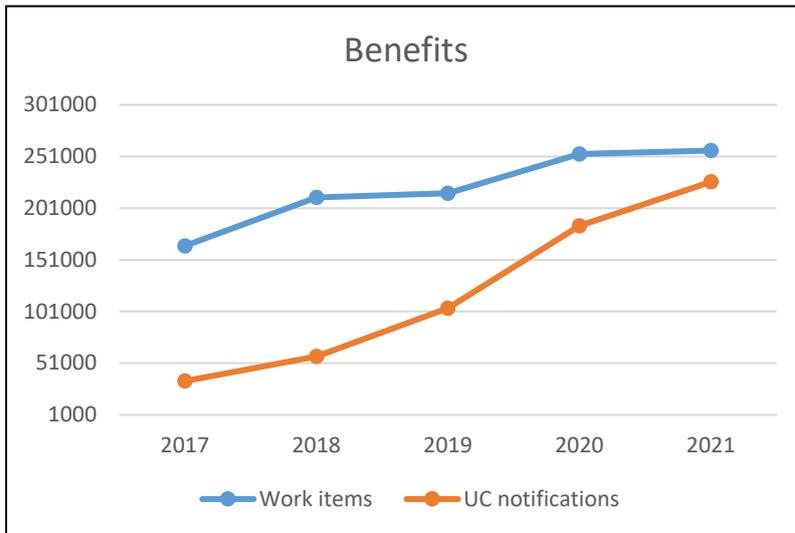
2.9 Billing and Benefits

Benefits performance continues to achieve agreed targets each year. For Fenland Council specifically, 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 23 days for new claims and less than 6 days for change of circumstances, however the current direction of travel indicates end of year performance will be nearer 20 days. The chart below shows the performance since 2012/13: -



- 2.13 The impact of COVID-19 and the resulting increased migration to UC has affected our days to process Housing Benefit claims. This is because the majority of new working age claims remaining with Local Authorities are now the more complex supported /exempt or temporary accommodation claims for working age customers that DWP choose to not take into Universal Credit.
- 2.10 Due to previous changes 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 files 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.
- 2.11 This year we worked closely with our software provider to help develop and implement DWP First Payment File automation. We are now automating around 50% of these with very light touch checks in place and providing customers with Council Tax reduction decisions within one day for those automated.
- 2.12 The number of work items received per year in benefits has increased by 56% since 2017 and we have also seen significant rise in the number of Universal Credit monthly changes notified by DWP. Since 2017 the number of DWP records received per annum has increased over 6.5 times from 33,725 to 226,488 and in 2020, we saw a rise of 91% in one year alone due to the effects of COVID-19. This extra demand has been absorbed without any increase in establishment.

2.13 The number of work items and UC notifications received per year since 2017 are shown in the graph below:



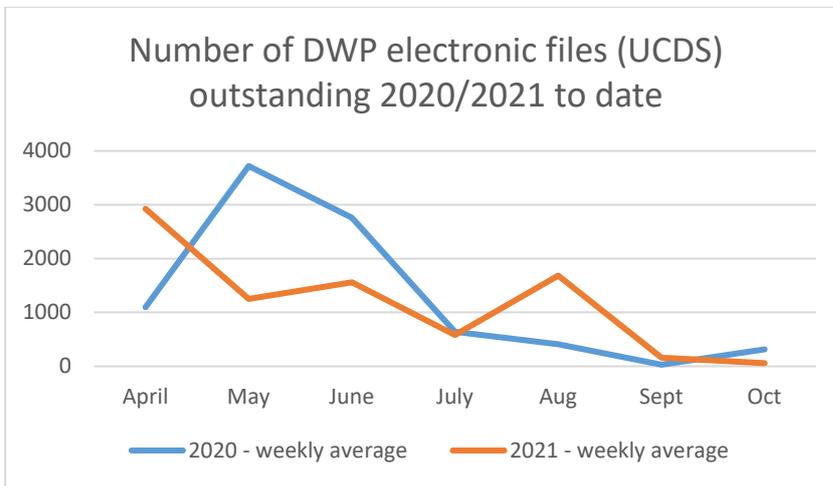
2.14 The impact of the increased UC change notifications has significantly reduced following the implementation of our project to automate these changes. During the Summer we made several changes to our processes which allowed us to increase the automation of our UC notifications from around 55% to almost 85%. This had a significant impact on our outstanding work volumes and performance and improved the customer experience with notification and bills being issued in all cases within a few days of us receiving the notification from DWP.

2.15 With the recent removal of the £20 uplift for UC customers we saw an additional 9,000 UC change notifications over a four week period and due to our improved automation functionality we were able to automate around 95% of these leaving just 450 to manually process. This meant the impact of the additional records had no effect on customers nor our processing times or workloads and customers received revised bills and notification within a few days of us being notified of the changes.

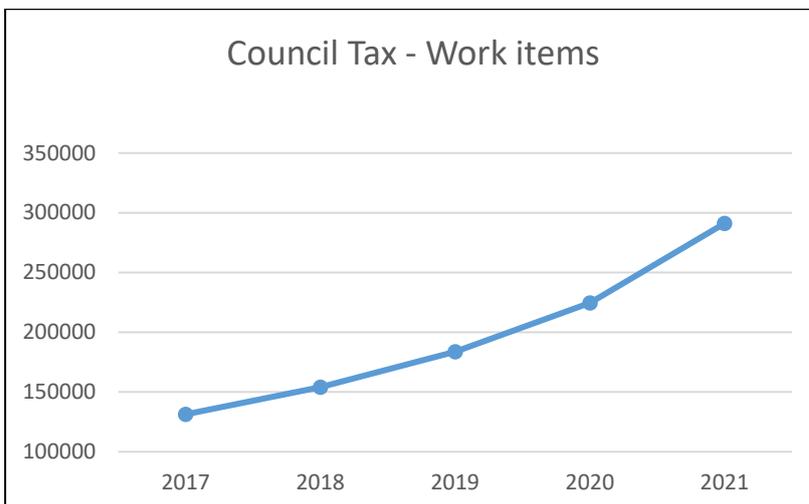
2.16 We expect to be able to duplicate this level of automation with the December change notifications which will result from the changes to work allowances and tapers brought in with the Government Autumn Budget and hope to again to see little to no impact on our processing times or outstanding workloads, improving the overall customer experience and preventing overpayments and arrears. It should be noted we are aware most Councils have been impacted by the manual reassessment of these notifications.

2.17 Automation has enabled a reduction of 5 FTE in our establishment this year and has prevented the need for a further 7 FTE posts that would be required to deal with the ongoing extra demand, a net reduction of 12 posts. It should be noted we are aware most LAs are struggling to recruit additional staff where they do not have the level of automation we have in place, and consequently impacts their service provision.

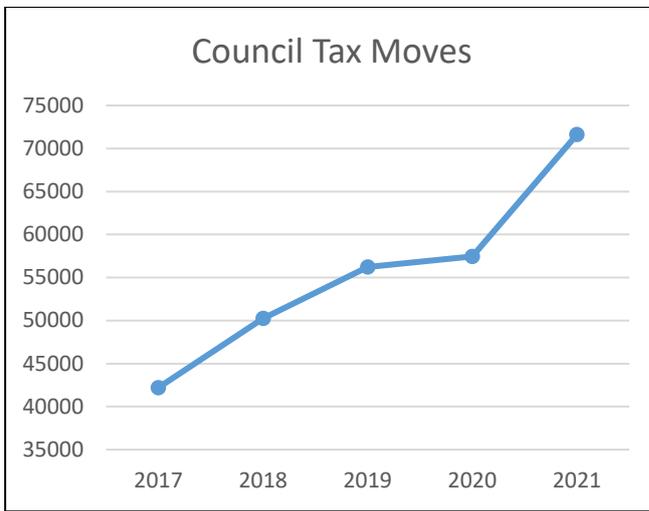
2.18 The average number of outstanding UC notifications per month for April to Oct 2020 and 2021 is shown in the graph below:



- 2.19 The introduction of a tolerance rule to fluctuating earnings introduced into our Local Council Tax Reduction Scheme in April 2020 is working well. This results in reduced customer notifications and reduced requirement for us to frequently revise instalment payments, thereby helping customers with their budgeting.
- 2.20 Following the 2021 review of the Council Tax Reduction Scheme we have made several proposals for consultation, including increasing the tolerance rule to further reduce reassessment. These changes are intended to enhance the customer experience, reduce contact and the number of re-assessments and reduce the burden of evidence provision on the customer through increased DWP & HMRC data share. The public consultation is scheduled to end early December to inform Cabinet in January and then Full Council to determine the scheme for the 2022/23 year.
- 2.21 The number of work items received for Council Tax billing have also increased significantly and over the past 5 years we have seen a 120% increase as shown in the graph below.



- 2.22 The effect COVID-19 has had on the housing market has also impacted on our throughput with sales slowing in 2019 and a steep rise in house moves following the easing of lockdown and the introduction of the stamp duty easements.
- 2.23 The graph below shows the increase in number of moves notified since 2017 with an increase overall of almost 30,000 moves per year. This year to date we have been notified of 45% more moves than for the same period last year and 24% more than seen in 2019. We had expected the level of moves to reduce during winter, but weekly data implies high levels will continue.
- 2.24 The number of moves notified each year is shown in the graph below:



- 2.24 Despite the growing volumes of work the outstanding work items across billing and benefits has reduced by 6,000 since April. This is a direct result of our automation projects, streamlined processes and the introduction of a new generic role to improve Council Tax Billing work. This role continues to develop and provide much needed resilience and flexibility and places us in a good position as we embark on our annual billing project.
- 2.26 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.
- 2.27 Government launched the Test and Trace support payment scheme late September 2020, overseen by the Department for Health & Social Care (DHSC). 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.
- 2.28 In partnership with our partner customer service teams and County Councils, we were able to quickly design and implement a claim form locally given the lack of a national DHSC claim form in time for the scheme going live. We continue to participate in a high-level DHSC working group to iron out issues and to make improvements to the process, as the scheme is proving administratively burdensome.
- 2.29 We continue to administer this scheme which has been extended for a third time to the end of March 2022, although due to the 42 day claim window we anticipate the work impacting into June 2022.
- 2.30 To date we have paid £375,500 to support 751 Fenland residents whilst self-isolating.

- 2.31 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.
- 2.32 In negotiation with our three County Councils, we have negotiated and secured funding for temporary resources to help to administer the scheme and to design & deliver individual County & District Council discretionary schemes.
- 2.33 In October 2021 we signed up to an optional Government led DWP initiative, Housing Benefit Award & Accuracy (HBAA) 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 the 2021/2022 year but will become mandatory for all Council next year and is funded by DWP New Burdens grant.

2.34 Council Tax Collection

Collection to the end of October is above target, see below.

Fenland collection.

Target October 2021	Collected	Variance
£40,628,173	£40,731,571	+ £103,398

- 2.35 On 24th March 2020 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 working age customers receiving support during the 2020/2021 financial year.
- 2.36 ARP participated in MHCLG (now DLUHC) 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.
- 2.37 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 expected in unemployment caused by the COVID-19 economic downturn.
- 2.38 As we progressed through the 2020/2021 year our monitoring in January 2021 indicated the fund might be exhausted before year end. However, with decreasing demand a small underspend became apparent. Rather than return any underspend to DLUHC we approached them and obtained permission to roll the fund into the following year, meaning we have been able to further help working age customers with their Council Tax bills throughout 2021/2022.

3 Other developments this year

- 3.1 ARP has a programme of projects called the Customer Experience. The programme is made up of several projects designed to deliver digital solutions for customers to access 24/7/365 services and automation, where possible, of back office processing.

- 3.2 The Customer experience 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 The increase in online forms and automation is testament to the success of the customer experience projects.
- 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 The team continue to enjoy success and to exceed targets. Along with other Cambridgeshire Councils, on behalf of Fenland and East Cambridge Councils ARP developed a business case to join all other Cambridgeshire local authorities and Cambridgeshire County Council to form a Cambridgeshire Fraud Hub. The proposed model links to funding the review of Single Person Discounts at a local authority level and has been approved for set up over the coming months for April 2022.
- 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 £93,000 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): -

2020/21	Overall fraud identified	Fenland Fraud Identified	Fenland preceptor
Single Person Discount	£1,455,793.26	£170,562.88	£29,319.76
Council Tax Support	£87,092.61	£5,612.34	£964.76
Tenancy Fraud	£295,200.00	£0	£0
Other Council Tax	£233,632.44	£78,973.75	£13,575.59
Other Business Rates	£262,184.36	£59,657.32	£23,862.93
Total identified	£2,333,902.67	£314,806.29	£67,723.04

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 still less than pre Covid-

19, however it can be seen that 2019/2020 saw a high collection on NDR – although there were only 4 cases. This year we are already approaching 2020/2021 values as of October.

	2019/20	2020/21	October 2021
Council Tax	£32,056	£73,644	£77,983
Business rates	£460,768	£13,457	£6,650
Total	£492,824	£87,101	£84,633

4 Future developments

- 4.1 Now that we have 5 partners in the ARP the Joint Committee had 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 A four year Business Plan, to complement the annual Service Plan, is scheduled to be developed with Members from December 2021, with Joint Committee approval in March 2022, to commence from April 2022.
- 4.3 As previously mentioned, East Suffolk and West Suffolk Councils started to pass their car parking debts for enforcement action, which is increasing the fee income for all partners. The volume of cases is on track to meet expectations and recovery is being closely monitored.
- 4.4 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.
- 4.5 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.
- 4.6 In 2016 South Norfolk District Council delegated their enforcement work to the ARP which added further resilience and efficiencies to the team.
- 4.7 Norwich City Council and the ARP entered a management sharing agreement from 01/04/2017 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 Council Tax Support fraud work on behalf of Norwich City Council for two further years from 2022. In addition, similar funding from Suffolk County Council has been secured for two further years.
- 4.8 Following the retirements of two Strategic Managers and with the Head of ARP retiring at the end of the year and subsequent restructure this year, Joint Committee agreed to terminate the Norwich management agreement from April 2022.

- 4.9 The Enforcement services delegation with Norwich will continue, although we expect to see less cases than anticipated, due to their approach to ethical debt collection, and to continue the good working arrangements for fraud cases work is underway to agree a fraud services delegation from April 2022.
- 4.10 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.
- 4.11 We positioned ourselves to be selected to participate in a Cabinet Office pilot to receive employer details held by DWP & HMRC for the purposes of Council Tax debt recovery. These provisions are contained in the Digital Economy Act. This enhanced data share is expected to improve Council Tax collection. We are also in discussions with the Cabinet Office and DWP to identify further opportunities to share data permitted by the Digital Economy Act.
- 4.12 In collaboration with each partner's Housing teams we ran a campaign throughout the summer to bring empty homes back into use, complementing ongoing work undertaken by ARP throughout the year. A programme of leaflets, letters and reminders were designed with Fenland's Empty Homes Officer with final visiting action undertaken. For Fenland this resulted in a 26% reduction in long term unoccupied homes; we plan to continue running the campaign annually. Following Government consultation regarding the New Homes Bonus funding for next year is not clear.
- 4.13 OIB have approved a programme of activities to be discussed and developed with Customer Strategy Team to run in line with the annual billing cycle to encourage take up of Direct Debit and e-billing, using nudge techniques, automated messages and other initiatives.
- 4.14 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.
- 4.15 Automation and improved processes have already seen more than 4 posts saved in the establishment from 2021/2022, whilst avoiding the need for additional resources to cope with increased demand, and we anticipate far greater savings if customers transact through online forms going forward.
- 4.16 In July we started to use the Capita portal move form as a replacement to the previous online form. Fenland were the first to go live with this and we worked closely with the Customer Service Team to implement the new form. Around 40% of customers are now reporting their move via the portal form and the additional benefits are:
- All portal move forms are auto indexed into our EDMS system reducing the need for manual indexing
 - The portal form gathers details for Direct Debit payments and e-billing request, improving online services take up and reducing the need to issue duplicate bills for Direct Debit payers
 - The move data imports directly into our back-office system, reducing the need for manual data entry and keying errors and improving processing times.

- 4.17 We are also working collaboratively with Customer Strategy Team, Capita and another Council to develop and implement moves automation functionality and are making great headway with this. Part of this also involves automating the weekly move reports received by Housing Associations.
- 4.18 Other future automation projects include refund and credit automation which we hope will work well alongside the move's automation functionality and automation of Direct Debits requested over the web. These projects are currently in the early scoping stages.
- 4.19 The ARP Strategic management team will continue to influence national initiatives such as Universal Credit and Business Rates reform, to influence system design to improve performance and generate efficiencies where possible and to enhance data share to help inform service design