

Report sponsor: Simon Riley, Director of  
Financial Services  
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Revenues, Benefits and Exchequer Services

## **Restructuring part of the Revenues, Benefits and Exchequer Services**

### **Purpose**

- 1.1 This report presents a restructure proposal for the Council Tax, Business Rates and Accounts Receivable teams within the Revenues, Benefits and Exchequer Services (RBES) division.

### **Recommendations**

- 2.1 To approve the proposed restructure due to the value of the proposal.
- 2.2 To note that subject to the approval of Personnel Committee, the proposal will be consulted on in line with the Council's Consultation, Restructuring and Redundancy Policy.
- 2.3 To delegate authority to make any required minor variations to the establishment, post consultation, to the Director of Financial Services.

### **Reasons**

- 3.1 To maximise the collection of Council Tax, Business Rates and Sundry Debts owed to the Council.
- 3.2 To deliver a modern, resilient service that can make the most of opportunities presented by the digital agenda and changes in the Business Rates Retention Scheme.

### **Supporting information**

- 4.1 The Council has a statutory duty to bill and collect Council Tax and Business Rates. The Council also charges for a number of services through the raising of sundry debtor accounts.
- 4.2 The amount of Council Tax, Business Rates and Sundry Debts that are billed each year are very significant. In 2019/20 the figure is estimated at around £275 million.

- 4.3 Over recent years the way in which the Council receives its funding has changed considerably. Traditional methods of funding, such as grants from Central Government, have reduced and the reliance on locally raised funding, for example Council Tax and Business Rates have increased. Based upon current insight this trend is set to continue, an example being Central Government's intention to move to a 75% and ultimately a 100% Business Rates Retention scheme. There is a clear move from Central Government funding to locally generated funds (especially Business Rates and Council Tax). As such, the Council needs to ensure it has the right capacity, skills and processes to maximise the income collected each year.
- 4.4 The Council has a clear commitment to modernise how we do business with our customers, through its digital programme. The current structure of RBES does not include sufficient capacity or skills to make the most of the opportunities afforded by the digital agenda. There are significant opportunities for increased digital interaction with customers and for improvements in efficiency and effectiveness from promoting the digital agenda. This restructure addresses that by proposing increased capacity, particularly within Council Tax to address the above.

#### 4.5 **Council Tax**

Currently the service is responsible for billing and collecting around £120million annually from 111,000 households across the city.

The collection environment remains tough. With 111,000 households across the city, the number of transactions is significant, averaging around 175,000 a year. The vast majority of these transactions remain broadly manual in nature and that position is not sustainable or desirable. The Council, through its ambitious Digital by Default Programme, is looking to automate as many processes as possible. Within the Council Tax service this will include giving our customers the freedom to set up arrangements via self-service or claiming certain discounts and exemptions on-line. Delivering such efficiencies will release resources to focus on other important tasks.

The proposed Council Tax restructure is built around the following themes;

- Increasing the capacity involved in direct and pro-active debt recovery work,
- Increasing skills and capacity to maximise the opportunities that will become available through the digital agenda,
- Increasing resilience across the team and minimising single points of failure.

The current Council Tax structure is set out at appendix 1 and the proposed new structure is confidential and sits within the confidential part of this agenda. A summary of the proposed staffing changes are;

- An overall increase in team capacity from 30.54 FTE to 32.8 FTE (not including apprentice positions or the Head of Service post),
- The creation of a new, dedicated Recovery Officer post,
- The creation of Technical Support positions whose focus will include supporting the digital programme, controls and reconciliations and maximising team performance. It should be noted that some of the duties of these posts will span Business Rates as well.

#### 4.6 **Business Rates**

The service is tasked with billing and collecting around £94million annually from just under 9,000 commercial assessments across the city.

The income derived from Business Rates collection is becoming of increasing importance with the recent introduction of the Business Rates Retention Scheme and the intention of Central Government to move to a scheme whereby Council's keep 75% and ultimately 100% of the Business Rates collected (currently we keep 50% and 49% is paid over to Central Government and 1% to the Police and Crime Commissioner).

The Business Rates team needs additional capacity to maximise debt collection and to target resources in such areas as rate avoidance schemes to maximise collection and deter fraud. These schemes, whilst not illegal, are being designed with the sole aim to reduce a businesses' exposure to Business Rates. Often complex and supported by legal argument if successful they can reduce the amount of Business Rates collectible by tens of thousands of pounds. The Council needs to ensure we have the capacity and skills to push back against these schemes and as such a post is proposed in the restructure of the Business Rates team.

The design principles for the Business Rates restructure are;

- Increasing the capacity involved in direct and pro-active debt recovery work,
- Increasing skills and capacity to maximise the opportunities that will become available through the digital agenda,
- Increasing resilience across the team and minimising single points of failure.

The current Business Rates structure is set out at appendix 1 and the proposed new structure is confidential and sits within the confidential part of this agenda. The proposed changes include;

- An increase in team capacity from 3.5 FTE to 4.1 FTE (not including apprentice positions)
- The creation of a Business Rates Officer post, who focus will include challenging the Business Rates avoidance schemes
- The creation of a 0.6 FTE Local Taxation Visiting Officer post

#### 4.7 **Accounts Receivable**

The service collects around £60 million annually through the issue of 37,500 invoices.

An internal review of the service has identified the need to increase debt recovery activity within the team with particular focus on processing cases through to the latter stages of recovery, including litigation. To address this re-focus of activity the restructure puts in place a dedicated Recovery Officer.

The current Accounts Receivable structure is set out at appendix 1 and the proposed new structure is confidential and sits within the confidential part of this agenda.

## 4.8 Risks

The Council could choose not to increase capacity within the Council Tax, Business Rates and Accounts Receivable teams. However, doing this would severely constrain the services ability to do the following;

- Increase the amount of direct and pro-active debt recovery work across the service,
- Maximise the opportunities that will become available through the digital agenda,
- Increase the resilience across the service, whilst minimising single points of failure,
- Challenge Business Rates avoidance schemes

## Public/stakeholder engagement

- 5.1 Subject to approval by Personnel Committee, the proposed restructure will be consulted upon with colleagues and trade unions as part of an Achieving Change process.

## Other options

- 6.1 Do nothing. This is not considered a viable option due to the risks identified at section 4.8.
- 6.2 Use agency. While the use of temporary agency employees to plug resource gaps can be helpful they will not help deliver many of the medium to long term aims of this restructure. As such it is not considered a viable option and is discounted.

## Financial and value for money issues

- 7.1 The total increase in establishment cost of the proposed restructure of the Council Tax team is £145,000.

However, funding for two additional apprentice posts and 0.3 FTE of the Local Taxation Visiting Officer post are funded externally, thus reducing the increase, to be funded by the Council to £116,000. This fixed term funding has been secured through the service adopting a commercial approach in a recent tender asking prospective suppliers whether they would fund certain posts for the duration of the contract they were bidding for. Given these posts are directly linked to external funding they will be fixed term and aligned to the length of the contract.

The balance of the funding (£116,000) will be met from within existing non staffing budget efficiencies within the service and therefore do not require additional Council funding.

## Legal implications

8.1 None arising from this report.

## Other significant implications

9.1 Any recruitment resulting from the proposed restructure will be carried out in line with the Council's recruitment processes.

This report has been approved by the following people:

Role	Name	Date of sign-off
<b>Legal</b>	Olu Idowu, Head of Legal Services	5 <sup>th</sup> December 2019
	Magda Cisek, Principal Accountant.	3 December 2019.
	Toni Nash, Head of Finance	3 December 2019
<b>Service Director(s)</b>	Simon Riley, Director of Financial Services	6 <sup>th</sup> December 2019
<b>Report sponsor</b>	Simon Riley, Director of Financial Services	6 <sup>th</sup> December 2019
<b>Other(s)</b>	Liz Moore, Head of HR	5 <sup>th</sup> December 2019
	Lynda Innocent, Head of Transformation and Business Applications	3 <sup>rd</sup> December 2019

Background papers:

List of appendices: