

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

15 DECEMBER 2022

REPORT OF THE CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

COST OF LIVING PAYMENT SCHEME ROLLOUT

1. Purpose of report

- 1.1 The purpose of this report is to inform the Committee of the processes undertaken, and lessons learned from implementing the Welsh Government (WG) funded Cost of Living and Discretionary Cost of Living Schemes.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:

- **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
- **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 On 15th February 2022, the Welsh Government announced a package of measures to help people with support towards the increased cost of living. This included a £150 Cost-of Living payment which would be provided to those living in council tax bands A-D, and all households who were recipients of the Council Tax Reduction Scheme in council tax bands A-I. WG also announced that a discretionary support scheme would be available to be used by each local authority to support other households

who were outside the criteria for the main scheme which the Local Authority considers to be in need of assistance with their living costs.

- 3.2 Following the announcement, a number of meetings were held at an all-Wales level to discuss the roll-out of this scheme and the related criteria. A number of teams within the Council would be involved in the roll-out, including the Taxation, Revenue Systems and Purchase Ledger teams. A detailed timeline of events can be found in **Appendix A**.
- 3.3 Information about the announcement from Welsh Government regarding the Cost-of-Living scheme was uploaded onto the Bridgend County Borough Council website.
- 3.4 It was agreed that the software solution being developed by NEC Software Solutions UK Ltd, (NEC), the provider of the Council's Revenues and Benefits system, would be the best option to progress with, as it would not be possible to identify all eligible households without it.
- 3.5 NEC did not release the software required until mid-March 2022, towards financial year end, at which point the small teams involved were heavily involved in the usual annual processes such as annual subsidy and annual rollover.
- 3.6 At this point, communication from NEC confirmed there were still many issues outstanding with the software solution as a whole which were not unique to Bridgend, so testing was delayed until it was understood that the issues had been resolved. The Easter bank holiday and Easter leave also impacted on time available to progress this.
- 3.7 At the end of April testing commenced. Through this testing, it quickly transpired that there were still major issues with the software solution, and progression to actual payment was unattainable at that point. This position was confirmed following communications with other Local Authorities using the NEC system.
- 3.8 System upgrades and hotfixes continued into mid-May, before the first payments could be processed from 17th May 2022.
- 3.9 The first payments issued were in respect of eligible individuals that paid their Council Tax via Direct Debit. The software solution allowed us to retrieve the bank details from the system to then make the payment. The teams worked well together processing 20,742 payments (with a value of £3,111,300) by the end of May 2022. This number of payments was unprecedented in the Council.
- 3.10 Where the council did not hold bank details on the system, a campaign had to be created to invite the individuals to provide the Council with their bank details via Citizen Access. 16,715 letters and emails were sent between 27th June 2022 and 1st July 2022, and 12,207 (£1,831,050) of these payments were processed in July 2022.

- 3.11 Remaining households had a time limit of 30 days to submit their bank details. Reminder letters and emails were sent on 18th August 2022 with a further extension to the 30 day expiry period provided on 22nd September 2022 prior to the scheme closing date of 30th September 2022. As of 30th September 2022, 46,835 payments had been processed.
- 3.12 In September 2022 WG agreed that any household that had been identified as eligible but had not provided bank details could have the £150 credited to their council tax account. This process had to be tested through the taxation system, and in October 2022 £342,750 was credited to 2,285 council tax accounts. Letters were sent to each household notifying them that the payment had been credited to their council tax account, advising that the money could be refunded via the online refund form if they preferred. Alternatively, the payment would reduce their future instalments. To date only 333 households have requested a refund.
- 3.13 Bridgend may not have been the first authority to make payments for the Cost-of-Living scheme, however, we were in line with most authorities, and once processes were established and systems issues resolved, significant numbers of payments were made within a short period of time which showed in our above average allocation. At the end of the main scheme Bridgend has paid 49,120 households, totaling £7,368,000, which constituted 98.05% of the Council's allocation from Welsh Government. The average across Wales was 96.25%.
- 3.14 In October 2022 the teams started to process the Discretionary Cost of Living scheme which, due to the cancellation of the September Cabinet meetings, was approved by Delegated Power. The Scheme included payments of £60 to households in council tax bands E to F, along with £50 vouchers for each pupil entitled to free school meals. These vouchers were all processed as soon as the Scheme had been approved. By 14th October 2022, 9,889 payments were processed for council tax-payers and paid to bank accounts for those that pay their council tax account via Direct Debit.
- 3.15 Due to limitations of the Software Solution, the original £150 Cost of Living scheme had to be ended on the system before the Council could progress with sending campaign letters for the £60 Discretionary Cost of Living scheme.
- 3.16 984 letters were sent on 11th November 2022, of which 431 applications have been received and paid as at 24th November 2022. Due to systems limitations, it is not possible to run 2 campaigns at the same time for different schemes, therefore the campaign for the £60 payments for the Band E and F properties must be completed before the campaign for the exempt council tax classes within the Discretionary Scheme can be produced. The Discretionary Scheme will close on 31st March 2023.

4. Current situation/proposal

4.1 There were a number of constraints and barriers, which impacted on the smooth running of the schemes, particularly at the start due to the new and unprecedented nature of the scheme, and these are set out below.

4.2 Project Team

It soon became very evident that staff resources available to carry out a large project were not sufficient whilst trying to attain high standards of business-as-usual tasks, particularly at such a busy time in the financial year for the small teams. Temporary resource was secured for the Purchase Ledger team to support the team to fulfil the extra payments, however, the Taxation section was not able to recruit additional staff and were running with a number of vacancies. Therefore, if a project on such a magnitude was to occur in the future, it would be beneficial to have a dedicated Project Team, where all time and efforts could be dedicated to the specific project. Welsh Government provided funding to help administer the scheme which was to be used to cover new software costs and additional staff resources. However, the taxation section were unable to recruit which put additional pressure on existing staff. Appointment of a project team would only be feasible if staff could be recruited to it and sufficient funding was provided to meet the cost..

4.3 NEC Software Solution and Process

Due to the stringent eligibility requirements of the scheme, there was not time or resources to investigate other solutions (external or internal). Unfortunately, our software supplier took time to reply to queries, which slowed the testing process down. The software solution itself was also limited and not without flaws, which resulted in a cumbersome process. Going forward, if there are any similar projects we would investigate other options and solutions where possible.

4.4 Bank Validation and BACS Rejects

Learning from the 2021 Winter Fuel Scheme, which the Council also implemented for WG, it was evident how bank validation was imperative when making payments en masse, as rectifying BACS rejects is a very time-consuming process for the teams involved. Therefore, it was ensured that a bank validation process was put in place in order to reduce the volume of BACS rejects.

However, the software solution provided by The Cabinet Office Grant Management Function called Spotlight, which was provided to verify the bank details supplied by council tax payer, has its own limitations and is time consuming to process and analyse the output. BACS rejects were still an issue, although proportionately not higher than expected, but still caused delays for payments to be made due to the sheer volume.

4.5 Building Society Numbers

The software solution provided to capture bank details did not consider Building Society Numbers where a Roll Number is needed for the payment to be allocated correctly to the recipient's account. This caused many BACS rejects and a lot of time was spent trying to identify where returned payments belonged.

When this was identified as an issue, communications were updated on the Council's webpages to request the additional information, however this was reliant on the public seeing the communication and acting on the advice available. Unfortunately, we were not able to update the Software Solution to capture this information.

4.6 Software Solution Limitations

As payments were made it transpired that the reporting system provided by NEC had not selected all the eligible accounts due to the timing of the reports being run and the fact accounts were continually being updated as business as usual continued. As a result it was identified that accounts were missing so individuals had not automatically been paid if they were Direct Debit payers or had not been invited to provide bank details. A manual process was then conducted whereby each property in the relevant Band was checked for eligibility to make sure all relevant accounts were captured. This was an extremely time-consuming process and delayed the process as a whole. In future it could be considered to carry out such a task on a risk basis, as the number of missing accounts identified in the checking exercise were low compared to the high volume paid initially and correctly.

Early in the process it was also identified that when Remittance Advices were sent for the £150 payment, the remittance was addressed to the name on the bank account, instead of the council tax liable party name, where we had not received information to change it, and this caused a handful of queries from the public as letters were addressed to incorrect individuals. When the issue was flagged, the system was changed to rectify this as promptly as possible.

4.7 Public Queries

Regarding the original scheme, the volume of public queries and member referrals slowed the team down from processing the payments. Although information was available on the BCBC website, for a similar scheme in future more regular communication to the public on as many channels as possible, advocating progress, may alleviate the volume of queries.

4.8 Correspondence

There were some delays in the issuing of the reminder letters as the wording of the letters took time to finalise before the letters could be sent. In future, it is imperative

that each stage of the process has an agreed owner agreed at the beginning of the project, to avoid unnecessary delays.

4.9 Discretionary Cost of Living £60 Payments

Customer services received numerous calls regarding the £60 payments made to the Direct Debit payers in October 2022. It is believed that as the discretionary scheme was not as well publicised as the original Cost of Living scheme, the public were confused regarding receiving the £60 payment into their bank accounts. When the message on the Council's telephony system was updated to advise what the £60 payment was for the calls subsided.

Remittances were sent, however due to limitations of the finance system, little detail could be added to them explaining what the payment was for. The remittances are designed to go to suppliers and are not intended to be sent to individuals.

The Purchase Ledger team are currently working on amending the Remittance Advice making it clearer for the recipient. Also, for future large schemes the Purchase Ledger team will investigate processing the payments in a different way and allowing letters to be customised for the scheme.

5. Effect upon policy framework and procedure rules

5.1 There is no effect on the policy framework or procedure rules.

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty, and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. This is an information report, therefore, it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report

8. Financial implications

- 8.1 There are no direct financial implications to the Council from this scheme as the full value of the Cost-of-Living payments will be reimbursed by the Welsh Government, along with an administration grant to cover expenses.

9. Recommendation

- 9.1 It is recommended that the Committee notes this report.

Carys Lord

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Background documents: None

Detailed Timeline of events:

15 Feb 2022 Welsh Government announced that a £150 Cost-of Living payment would be provided to those living in council tax bands A-D and all households who were recipients of the Council Tax Reduction Scheme in properties in council tax bands A-I . Also, a discretionary support scheme would be available for other purposes related to living costs to households it considers to be in need of assistance with their living costs.

At this point conversations between key teams such as Taxation, Purchase Ledger Team and Revenues began.

03 March 2022 NEC the software provider for our Revenues and Benefits system provided a quote for their software solution that would:

- Identify the households entitled to the payment as at, 15 February 2022.
- Where Direct Debit bank details were held, to create a payment file to be passed onto Purchase Ledger for processing for those entitled.
- Where bank details were not held on the system (cash payers), to create a campaign where correspondence is sent to individuals inviting them to provide their bank details so payment could be made.

It was decided that choosing this solution was the most sensible option, as it would have been very difficult to identify residents living in bands A-D as at the 15 February 2022, due to reporting limitations of the Revenues and Benefits system.

14 March 2022 NEC confirmed that they released the software solution.

17 March 2022 Conversation with consultant in NEC, confirmed they were still developing elements of the solution.

23 March 2022 Official guidance from Welsh Government was released which clarified that the £150 payment had to be paid to the household and by no other means, for example reducing their council tax bill by the same amount.

25 March 2022 – NEC communicated that, customers were still finding bugs, and fixes needed to be uploaded.

At this point it was decided to take a prudent approach and not commit too much time to testing knowing it was a moving target.

05 April 2022 Communication received from NEC informing us that known issues still exist.

08 April 2022 NEC release hotfixes for the known issues in the software to be uploaded.

11 April 2022 NEC release further hotfixes for the known issues in the software to be uploaded.

Mid-April Due to Easter, days were lost due to the bank holidays and annual leave throughout the teams.

25 April 2022 Communication from other Local Authorities (Carmarthenshire, Pembrokeshire, Merthyr) using the same system confirmed there were still issues outstanding with the software, and that they also had not issued any payments.

From this point thorough testing was carried out and internal processes agreed.

10 May 2022 The system was upgraded to the latest release with the intention to resolve the known issues.

12 May 2022 Correspondence with NEC to resolve a bug found relating to Direct Debit information.

17 May 2022 It was identified that the name on the remittance advice was the name on the bank account held on the system, not the council tax liable party name.

20 May 2022 Hotfix was uploaded into the system to resolve the Direct Debit information issue.

31 May 2022 The process was established by the teams and 20,742 payments (£3,111,300) were processed.