

LONDON BOROUGH OF BRENT

MEETING OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE 22nd September 2004

REPORT FROM The Head of Revenues & Benefits

REPORT NO:

CYCLE NO: XX

NAME OF WARD(S)
ALL

REPORT TITLE: Update of the current performance within the Revenues Service

Above Below

Confidential Line

1. Summary

- 1.1. This report summarises Capita's performance in respect of Council Tax and Business Rate collection and IT service provision up to 31st August 2004. Capita are required to achieve 93% in year collection for Council Tax and 96.2% for Business Rates by 31st March 2005. Monthly profiles for collection have been agreed with Capita to help monitor their progress towards meeting these targets and ensure early action is taken to address any issues arising. Details of collection to date and planned actions are set out in section 7 of this report.
- 1.2. By way of summary, Council Tax in-year collection at 31st August 2004 was 44.79% compared to an expected profile of 45.4%. The gap against the profile has increased from 0.23% at the end of July 2004 to 0.61% at the end of August. This means that Capita need to take action to improve monthly collection above expected profiles for future months in order to achieve contractual targets by 31st March 2005. It is not possible to compare performance to 31st August 2003 because the cessation of the Prompt Payment Discount has altered the profile of monthly payments being made.
- 1.3. For NNDR the in year collection rate at 31st August 2004 was 48.85%. This is up 2.37% on last year. The collection rate of 48.85% is 2.35% above the expected profile of 46.5% set for the end of August. This performance is very encouraging.
- 1.4. Performance will be monitored against the Annual Service Plan developed by Capita for the year 2004/05. This is attached as Appendix A for information.
- 1.5. This report also contains the recommendations of the Councils external auditor PWC concerning Council Tax Collection. This is attached as Appendix B for information.

2. Recommendations

2.1 The Committee is recommended to:

- Note Capita's progress in Council Tax and NNDR collection levels for 2004/05 and their forecast collection to 31st March 2005 and consider actions planned to improve collection for the remainder of the year.
- Note the recommendations of the external auditor.

3. Financial Implications

3.1 Any failure to maximise collection of Council Tax and NNDR will impact on the Council's cash flow and budgetary provision for future years.

4. Staffing Implications

4.1 There are no direct staffing implications arising from this report

5.0 Legal Implications

5.1 There are no direct legal implications arising from this report.

6. Diversity Implications

6.1 There are no direct diversity implications arising from this report.

7.0 Detail

7.1 The following paragraphs set out a detailed update of Capita's performance against both collection and general service performance targets and details of future plans and issues for the service. For the year 2003/04 Capita did not achieve the 92% contractual collection target instead achieving 90.97%. At Brent's request, an Annual Service plan outlining areas of improvement has been compiled by Capita for the year 2004/05. This report will refer to areas outlined in that plan and provide an update on current performance in those areas. Recommendations made by the Council's external auditors PWC concerning Council Tax collection performance are also contained in this report.

7.2 Performance against contractual and service objectives

7.3 Council Tax Collection for 2004/05

Capita are contractually required to achieve an in year collection rate of 93% for 2004/05, a target of 95% for the year 2003/04 arrears and arrears collection for prior years of £0.5 million during 2004/05. If these

targets are not achieved Capita will be subject to penalties in line with the contract.

In year collection is monitored on a monthly basis against two main indicators. These are a monthly comparison of in year collection against the same point in time last year and Capita's own monthly collection forecast.

Table 1 below shows monthly collection this year to date and compares that with monthly collection in 2002/03 and 2003/04.

Table 1: In Year Collection to Date

Collection Profiles – Council Tax												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2002/03 Actual	23.99	30.99	37.47	44.02	50.01	56.53	62.79	69.35	75.34	81.55	85.88	89.86
2003/04 Actual	23.35	29.02	34.84	40.47	46.53	52.98	60.14	66.54	72.98	79.54	85.39	90.97
2004/05 Actual	13.77	22.01	29.9	37.42	44.79							
Variance on 03/04	-9.58	-7.01	-4.94	-3.05	-1.74							

Collection was down 1.74% at the end of August when compared to last year. It should also be noted that the cessation of the Prompt Payment Discount has reduced the amount of Council Tax paid in full at the beginning of the year from 17.7% in 2003/04 to 7.7% in 2004/05. In April 2004, even allowing for the fact that the prompt payment discount scheme had ceased, 6694 Council Tax Payers still paid their full year's Council Tax representing a collection rate of 7.7% of the total debt. Taking this into account, for the current year, the projected collection rate and monthly performance has improved in comparison to last year. However it is below the expected profile required to achieve contractual targets.

Table 2 below compares the collection rates each month, with the cumulative targets for 2004/05.

Table 2: Actual Collection against forecast

Collection against Profile – Council Tax												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2004/05 Target	13.77	22.01	29.9	37.65	45.4	53.15	60.9	68.65	76.25	83.85	88.5	93
2004/05 Actual	13.77	22.01	29.9	37.42	44.79							
Variance on Target	0.00	0.00	0.00	-0.23	-0.61							

*The monthly collection profile was reviewed in July to provide a more realistic profile based on the experience gained during the first quarter of the year, hence the reason for the first quarter's performance showing a nil variance.

Table 2 shows that on a cumulative basis Capita are down by 0.61% against their own profile for collection and hence will need to exceed their profiled collection between September and March, by 0.61% to achieve the contractual target of 93 %.

Table 2a shows actual month-by-month performance compared to agreed monthly profile targets.

**Table 2a: Profile comparison to actual collection: Monthly
Monthly Collection compared to Monthly Profile – Council Tax**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Target each month	13.77	8.24	7.89	7.75	7.75	7.75	7.75	7.75	7.6	7.6	4.65	4.5
Collected	13.77	8.24	7.89	7.52	7.37							
Variance on Target	0.00	0.00	0.00	-0.23	-0.38							

Concerns about collection to date have been discussed with Capita at the monthly contract meeting. Capita have proposed additional actions to close the gap against the profile, these are outlined in Appendix C. An area that the Brent Client team feels needs particular improvement is the bailiff collection.

7.4 Council Tax Collection for previous years

Capita were 2.26% down on their forecast profile at 31st January 2004 and hence still had a lot of improvement to make in order to achieve contractual targets. At the 31st March 2004, this had improved to a 1.03% deficit from the target of 92%. As targets were not met in 2003/04, Capita were required to provide Brent with an Annual Service plan that clearly outlined the actions that would be taken to ensure that performance in 2004/05 was improved. A copy of the plan is appended to this report. (Appendix 1)

Table 3 shows accumulative month-by-month performance in 2004 for the outstanding 2003/04 debt.

**Table 3: Actual Collection for 2003/04
2003/04 Collection – Council Tax**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Collected	90.73%	91.12%	91.60%	92.02%	92.03%							

At 31st August 2004 92.03% had been collected for 2003/04 against a target of 95%. It is unlikely that Capita will reach the 95% target by March 2005; current projections indicate a possible collection rate of 94%.

7.5 NNDR Performance

For Business Rates the target is 96.2% for 2004/05.

The NNDR collection rate for 2003/04 at March 31st 2004 was 96.39% against a target of 96%.

The NNDR in year collection rate at the end of August 2004 was 48.85%, which is 2.37% up compared to the same time last year. It is anticipated that the contractual collection target of 96.2% will be met by 31st March 2005. This is encouraging performance particularly given the migration to a new computer system in January 2004.

Table 4 below shows monthly collection this year to date and compares that with monthly collection in 2002/03 and 2003/04.

Table 4: In Year Collection to Date

Collection Profiles – NNDR												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2002/03 Actual	9.36	19.5	29.19	38.55	46.81	55.51	65.56	74.23	83.5	92.01	94.33	94.75
2003/04 Actual	N/A	17.73	26.28	37.47	46.48	56.75	65.79	73.96	84.03	92.58	94.98	96.39
2004/05 Actual	9.66	19.01	28.46	38.33	48.85							
Variance on 03/04	N/A	1.28	2.18	0.86	2.37							

Table 5 (on the next page) shows that Capita at were up 2.35% at the end of August against their own profile for collection.

Table 5: Actual Collection against forecast

Collection against Profile – NNDR												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2004/05 Target	8.5	17.8	26.3	37.5	46.5	56.8	65.8	74	84.1	93	95	96.2
2004/05 Actual	9.66	19.01	28.46	38.33	48.85							
Variance on Target	N/A	1.28	2.18	0.86	2.35							

With current levels of performance they are likely to achieve the contractual target of 96.2%.

Table 5a shows actual month-by-month performance compared to agreed monthly profile targets.

Table 5a: Profile comparison to actual collection: Monthly

Monthly Collection compared to Monthly Profile – NNDR

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
Target each	8.5	9.3	8.5	11.2	9.0	10.3	9.0	8.2	10.1	8.9	2.0	1.2

month												
Collected	9.66	9.35	9.45	9.87	10.52							
Variance on Target	1.16	0.05	0.95	-1.33	1.52							

Although 96.2% is the target for 2004/05, the deduction and incentive scheme is based on collection compared to payments that have to be paid into the National Pool. As at 31st August, £33,779,654 had been collected and £29,454,254 paid into the National Pool. Under the terms of the contract, Capita retain the first £60K of interest earned, and interest earned above £60K is shared equally between Capita and the Council, at the end of August £57,514.62 interest had been earned.

7.6 Annual Service Plan 2004/05

Direct Debit Take Up

Targets were set within the Annual Service Plan to increase the number of payers who choose Direct Debit as their payment method. 24.55% of Council Tax payers choose Direct Debit as their payment method in May 2003. At the end of July 2004, this has increased and 40.27% of payers were paying by Direct Debit. This increase is welcomed.

Database Analysis and Cleansing

Capita estimated that up to 40% of accounts with a 2003/4 debt and no payments would require action to determine who was responsible for paying CTAX. (i.e. 3771 based upon the 9428 accounts identified by Capita in their plan). In order to identify the correct liable person and as a result facilitate increased and prompt recovery, it was agreed a Database Analysis and Cleansing exercise would be undertaken. In the Annual Service Plan, Capita proposed a database cleansing team consisting of 2 inspectors and 2 administration staff. To date, the database cleansing work has been undertaken by 2 administrative staff only. At the 31st July 1,843 accounts remained outstanding. Capita indicate 927 of these will need more detailed investigation to ascertain the correct liable person.

Inspections

At the end of April 2004 a backlog of properties to be inspected had accumulated. Figures indicate that this backlog has reduced. As part of the day to day quality monitoring undertaken by the Client team, this will be verified. Brent will continue to work closely with Capita to ensure that inspections are completed within target.

Bailiff Capacity

Concerns were identified in 2003/04 regarding Equita's (Capita's bailiff) capacity to deal with the large number of liability orders referred to them and the timescale in which these could be progressed.

In the annual service plan for 2004/05, Capita indicated that approximately 9,000 cases would be reviewed and returned from Equita between March and April so that Equita were in a position to deal with new liability orders for the 2004/05 debt from July onwards.

Cases returned from Equita go to the bailiff support team in Bromley for review. The appropriate action for returned cases is identified; this now includes referral to a second bailiff company (i.e. Newlyn).

As a consequence of our contract monitoring work, Bailiff letters have been reviewed to clearly show they are acting on behalf of Brent.

Correspondence

On the 31st August 688 items of correspondence were outstanding. This represents 3 days work. Currently no items of correspondence work are outstanding beyond the target of 5 days.

On average 4,500 to 5,000 pieces of correspondence are received each month.

7.7 Capita IT Provision against contractual requirements

IT performance has improved in the year 2004/05 with 100% network and Viewstar (Document Management system) availability for the months April to July. The exception was the I World system (Benefit and Council Tax processing), which reduced to 99.4% availability for the months April to July. 99.1% of calls to the Capita help desk were responded to within target.

7.8 Best Value Performance Indicators

The comparisons below are only across London authorities and do not include the rest of the country.

Council Tax

London Boroughs that collected at least 95.9% for the 2003/4 year achieved upper quartile performance. L B Brent's performance was in the lower quartile with a collection rate of 90.6%. The highest performer in the lower quartile performing Authorities was Southwark with a collection rate of 92.01%.

NNDR

London Boroughs that collected at least 99% for the 2003/4 year achieved upper quartile performance. L B Brent's performance was in the lower quartile with a collection rate of 96.4%. The highest performer in the lower quartile performing Authorities was Camden with a collection rate of 97.5%.

7.9 Future Changes

Value Bill

Brent have been selected as a forerunner authority for Value Bill, this will improve the electronic data exchange between Brent and the Valuation Office.

Document Management System

Following a successful bid to the DWP for funding the Document Management System used by Revenues and Benefits will be replaced. This proved to be necessary as the current system would cease to be supported on 30th April 2005. A detailed project plan has been developed through Capita with implementation planned for Spring 2005.

7.10 Customer Services Performance and Issues

The following paragraphs summarise performance for complaints, counters and telephones.

7.11 Complaints

The following table details the volumes of complaints received processed on time and upheld for Council Tax and NNDR.

July 2004				
	Recd	Number actioned	Response on time	% upheld
Stage 1	50	60	93.3%	23.7%
Stage 2	21	13	84.6%	50.0%
Stage 3	2	1	100.0%	0.0%
LGO	0	0	N/A	N/A
Total	73	74	91.9%	27.8%

June 2004				
	Recd	Number actioned	Response on time	% upheld
Stage 1	62	51	96.1%	49.0%
Stage 2	6	9	100.0%	25.0%
Stage 3	3	1	100.0%	100.0%
LGO	0	0	N/A	N/A
Total	71	61	96.7%	46.6%

Good progress has been made in responding to complaints within the target timescales. Work will continue to improve this while reducing the number of complaints that escalate to Stage 2 and are classified as justified at that Stage. Work will also continue to ensure that the lessons learnt are included in policies and procedures.

7.12 Counter callers

The table below details the number of callers being received at Brent House enquiry counter and customer waiting times.

The longest wait time has improved month on month from April 2004 and has significantly improved from 4 hours and 34 minutes in January 2004.

The aggressive recovery strategy for Council Tax means that there will be continued pressure on customer service, which can lead to customers waiting for unreasonable lengths of time to deal with their enquiries.

Counter – Customers Seen					
	April	May	June	July	Aug
Total seen	5798	4645	5386	4710	4210
Number seen within 30 minutes	4084	3253	3492	3464	2522
Number of enquires at reception desk	2944	2202	2614	2145	1760
Number of enquiries at counter desks	2854	2443	2772	2565	2450
% seen in 30 minutes	70%	70%	67%	74%	81%

Counter – Wait times					
	April	May	June	July	Aug
Average wait time (mins)	53.75	50.59	44.91	32.1	25
Longest Wait Time	3hrs 37mins	3 hrs 3 mins	2 hrs 35 mins	1 hr 36mins	1 hr 16mins

7.13 Telephone Performance

The table below shows telephone performance for Council Tax calls to the end of August 2004. There has been some improvement to average call answering when compared to the previous report which showed December with an average time to answer of 178 seconds and January with an average time to answer of 161 seconds.

The aggressive recovery strategy for Council Tax can mean that the volume and peaking of calls in response to recovery action can lead to customers waiting for long periods of time to deal with their enquiries. To assist with this, when over 2,000 recovery notices are sent out Capita provide 5 staff to answer telephone calls for 3 consecutive mornings, beginning on the day that the notices first impact. Work continues to be carried out to improve the quality of calls answered.

Contact Centre (Council Tax Line) - Average time to answer (in seconds)					
	Apr-04	May-04	Jun-04	Jul-04	Aug-04
Attempted	14253	10826	12095	9017	11133
Answered	11935	8941	9240	7566	9155
Abandoned	2318	1885	2855	1451	2001
% abandoned	16.3%	17.4%	23.6%	16.1%	18%
Average time to answer (secs)	124	108	173	120	158

7.14 Next steps

We will continue to work closely with Capita to ensure that the all possible actions are being taken to meet the target of 93% for Council Tax collection this year.

The Council Tax collection rate for 2003/04 needs to be improved and work will be done to ensure that the most effective methods of recovery are employed for this debt.

We will investigate, review and implement where appropriate the remaining PWC recommendations.

7.16 Background Information

Capita Annual Service Plan – June 2004

[Any person wishing to inspect the above papers should contact Catherine Morgan, Room 114, Town Hall, on 020 8937 1423]

Margaret Read

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