

CAPITA BUSINESS SERVICES LTD

Council Tax Collection 2004/05

London Borough of Brent

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CONTENTS

- 1. INTRODUCTION**
- 2. ACTION PLAN**
- 3. MONTHLY COLLECTION PROFILE**
- 4. DATABASE CLEANSING**
- 5. KEY ACTIVITIES**
- 6. SUPPRESSED ACCOUNTS**
- 7. BACKLOG CLEARANCE**
- 8. ACCOUNTS WITH NO PAYMENTS**
- 9. RECOVERY TIMETABLE**
- 10. BAILIFFS**

Capita Business Services

1. Introduction

Capita has a contractual target to achieve 93% collection for the year ending 31st March 2005, Collection for 2003/04 was 90.97% this will be an increase in excess of 1% on the previous year's performance of 89.86%.

This document along with the attachments, details the proposals to maintain the improvements in Council Tax collection and the actions to be undertaken in 2004/05 to achieve the contractual target of 93%. We have also responded to the additional information requested by the Performance and Finance select Committee within the headings below, although many of the actions falling from these are detailed within the Council Tax Action plan which will be a key document from which all proposed actions will be monitored.

2. Council Tax Action Plan 2004/05

The Council Tax Action Plan for 2004/5 will be a combination of the Service Improvement and Recovery Collection Plans developed over the past year in addition to a number of key actions that have been highlighted below. A number of initiatives and service improvements have already been made to the Contract, which now form part of the standard processes. These have not been included within this action plan but it is key that those standards are maintained. A review of the service improvements completed so far will be included within our Annual Service Review which is due to be published in April.

The Action Plan is attached in Appendix A

3. Monthly Collection Profile for 2004/05

The attached profile has been estimated using the current information held on the volumes of DD and Cash Payers. As a result of the withdrawal of the Prompt Payment Discount (PPD) this figure may be distorted by the annual payers who now choose to transfer to Direct Debit and those payers who continue to pay annually. It is therefore suggested that the profile be re examined after the June collection figure is published, when management information will be available which will enable us to produce a more accurate forecast for 2004/05.

	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2002/2003	23.99	30.99	37.47	44.02	50.01	56.53	62.79	69.35	75.34	81.55	85.88	89.86
2003/2004 (Target)	23.35	29.02	34.84	41.60	48.30	55.00	61.70	68.40	75.10	81.80	86.50	92.00
2003/2004 (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
2004/2005 (Target)	13.77	22.01	29.90	37.65	45.40	53.15	60.90	68.65	76.25	83.85	88.50	13.77
Month on month %		8.24	7.89	7.75	7.75	7.75	7.75	7.75	7.60	7.60	4.65	8.24

The current payment profiles for 2004/05 indicate that 29.9% of the debt will be collected by direct debit and the remaining 70.1% by cash. Previous years experience shows that at bill stage we achieve on average 99% collection of Direct Debit payments and a 60% collection of cash instalments

The table below shows how we will attain a 93% collection rate based on the work activities in this plan and their effect on the different payment methods.

Payment Type	DD	SO	Cash	Bailiff	Total
% required	24.55%	3.28%	63.67%	1.5%	93%

4. Database Analysis and Cleansing

It has not been possible to undertake a full analysis of the database inaccuracies as many of the problems are only identified once information is received. However, we are confident that the recent activities in clearing correspondence and reducing the outstanding levels of gone aways (which stood at 10 as at 31st March 2004) will have a significant impact. In addition, the bailiff returns and the increase in the number of inspections have all impacted in reducing the inaccuracies and further work will be undertaken on this as part of the proposed actions for 2004. A key indicator as to the success of this work undertaken this far will be the level of returned bills from the annual billing exercise (i.e. Approximately 1400 items as at 23rd April 2004) and the volumes of reminders due on the first reminder pre list which will be run in April.

In terms of highlighting an area where much of the effort will be focused we have run a report that details all live accounts with outstanding debts where no payment has been received since 1st April 2003. There are a number of genuine reasons for this i.e. recently created accounts where payment profiles are not yet due, accounts awaiting benefits, discounts or exemptions to be awarded etc. Once these have been eliminated then other categories to be identified will be consistent non payers and people who have not responded to recent bills, reminders, summonses visits from the bailiffs etc. The report shows the following volumes and values:-

Total number of Accounts with 2003/04 debt	9,428
Value of 2003/04 debt	£5,681,016

A report will be refined that will show the accounts that we suspect are unpaid due to the wrong person being billed. This report will be produced by the end of April 2004 and an exercise will then be undertaken during May to review those cases where there is evidence of a potentially inaccurate database. A combination of the following methods will then be used to obtain accurate information.

- Canvass the property,
- Land registry searches
- Property Inspections
- Local Authority Housing/Benefit Database
- Electoral Registration

We would propose the creation of a data cleansing team who will focus on undertaking the above actions. We had estimated that up to 40% of the accounts with 2003/04 debts (i.e. 3770 representing approximately 3.67% of the total database) could require action to be undertaken to identify the correct liability although annual billing to date has yielded approximately 1400 returned bills, representing 1.35% of the total database. Based upon this latest estimate we would propose to allocate 2 temporary staff to interrogate the database and undertake searches and enquiries shown above. In addition we would propose a further 2 inspection staff from our existing central pool of inspectors based in L B Lambeth who will be responsible for visiting and identifying further information, where other enquiries have been unsuccessful. These inspections will be undertaken at a variety of times including evenings and weekends and be managed through our central pool. The cost of this team will be borne equally by Capita and L B Brent for the month of May 2004 with the two database cleansing staff being resourced from our existing temporary staff whose contracts are due to end on 30th April. If it appears that the volume of work to be addressed by the end of May will be understated, further discussions will be undertaken with L B Brent in advance of this timescale.

It is estimated that these staff will complete 30 enquiries per day each and that the initial project, subject to agreement with Brent, should be completed by the end of July. Dependent upon the number of properties identified, the resources may be increased/decreased as appropriate to achieve this completion date and/or the completion date maybe brought forward. Once the initial exercise is complete, existing staff will continue with data integrity issues identified from billing and recovery runs, undertaken in 2004/05 and follow the process shown in Appendix C to this document using the methods already identified on page 5 of this plan.

Capita Business Services

The cleansing of the database during 2004/5 will also include a timetable of reviews for exemptions and discounts. A review is currently being undertaken for the DBR category and the same principals will be used for the SPD discount, Student exemptions etc

There are also a number of initiatives being undertaken in 2004 as detailed below:-

- Comparison as to the proportion of discounts/exemptions as indicated in the 2000 census and with similar boroughs. If there are any areas identified such as SPD where it is suspected that volumes claiming are lower, then a joint campaign with Brent may be undertaken to ensure data is accurate.. The information will also be used to do a comparison with electoral role where only one adult is registered.
- Introduction of an information request box on the front of envelopes for bills & reminders. This will encourage new occupiers receiving documents addressed to a previous resident to complete and return information.
- Initiate discussions with Brent a project to introduce Handhelds for inspectors, these will provide online system access and allow inspectors to relay and retrieve information when mobile. It maybe particularly useful where properties are due for imminent sale and arrears of Council Tax exist.
- Reconciliation of properties and payments will be conducted quarterly instead of annually with LBB housing to identify anomalies with the housing database in a timely manner.
- Procedures will be devised to ensure that new properties are entered onto the system as soon as they are identified and provisional banding letters produced whenever it is appropriate.

5. Key Activities

The recovery timetable has a high volume of activities and also involves support for Customer Services. The proposed plan has already been discussed at the Customer Service liaison meetings and the April and May recovery has been agreed in principal. Throughout the year the plan will be reviewed with Customer Services to ensure that the levels of support and the volumes of recovery are balanced to ensure the collection targets are achieved.

The recovery timetable is obviously the highest priority in the activities which is why this was principally agreed first. The timetable for reviews of the discounts and exemptions is now being formulated and a draft will be produced by the 31st March 2004 for discussion with the Customer Services department and for comparison against other activities being undertaken by the borough which have an impact on Customer Services i.e. Housing notices, benefit campaigns etc.

The timing of the reviews will be planned to spread the load as much as possible, for instance if there are approx. 12,000 SPD reviews these can be spread over six months at 2,000 a month. This will then become an annual rolling review, spread over six months of each year.

In undertaking the recovery programme described we will also initiate a new process that will be designed to identify liabilities that it is inappropriate to continue to progress through the recovery programme without further enquiries. An example would be where recovery has been undertaken previously with no payment or contact being made, in this case it would be sensible to make further enquiries to ascertain whether the correct liability is held. A flow chart detailing the principals of the approach is shown Appendix C.

In addition to the review programme we will also plan a number of campaigns. Our proposal's are as follows:-

Bankruptcy Campaign – This has already commenced and is being undertaken at the rate of 300 accounts per week. This will continue for pre bankruptcy letters at this rate until all available cases have been selected. 200 of these cases will be forwarded to our insolvency practitioners who will progress 20 to full bankruptcy. These cases will be selected

Capita Business Services

by the end of April 2004. The effectiveness of this campaign will be monitored and if it becomes apparent that an increase in volumes will provide a significant improvement in cash collection then a proposal will be put forward to the Client.

- Outbound Calling - Pilot schemes have already been undertaken on Reminder runs. Campaigns will continue throughout 2004/05 to encompass Summons, pre bailiff and bankruptcy cases
- Direct Debit campaign - It is proposed that we review the uptake of direct debit following the removal of the PPD this year. The prize draw due in July will also be advertised to encourage take up during May/June and an additional campaign will be timetabled for October. PPD take up is estimated to increase the current rate of Direct Debit payers. Our target is to increase the level of take up from 29.9% (calculated on live accounts excluding closed accounts and accounts with no liability) to 35%.
- Single Person Discount – A review will be undertaken on the level of SPD take up compared to the recent census results a recommendation will be made if this shows a low take up of the SPD compared to expectations on the census
- Council Tax Benefit - Once again it is important to review the take up compared to expectations, there are always certain areas where potential benefits are not taken up and where possible the income from this area should be maximised. It is suggested that a campaign could be undertaken in the 1st quarter of 2004/05.

A number of key activities are also being undertaken by Brent directly which include:

- Automation of Credit Card payments line
- Revision of the Anti Poverty Strategy (including recovery of Council Tax debts)
- Empowerment of front line staff in actioning key tasks
- Review of the call centre telephone systems
- Wider publication of on-line payments and web services available
- Additional resources in Customer Services and Call centre to deal with enquiries specifically in response to recovery activity.

All of these will aid Capita in achieving the cash collection targets for 2004/05

6. Suppressed Accounts

All suppression are under regular review and there are no current issues. The numbers below show the current status.

A report produced as the 28th March 2004 identified the various suppressed bills, reminders, finals and summons. The details of which are as follows:-

Number of accounts	491	with a value of £140,706
Number now naturally expired (less than 40 days)	477	with a value of £136,695
Balance remaining	14	with a value of £ 4,011

It is believed that the debt values shown do not include any 2004/05 debt as suppressions for this year would not be applied until the new recovery programme starts.

Capita Business Services

Of the 14 accounts identified as having long term suppressions , 2 are due to benefit pending and have been highlighted to the benefits department as priority. The remainder have been looked at individually to ensure that recovery is not suppressed unnecessarily.

The reports will normally be run on a monthly basis with any long term suppressions identified and resolved as quickly as possible. Monitoring arrangements will be put in place to identify any recurring suppressions.

7. Backlog Clearance

There are currently no backlogs in correspondence which will cushion the impact of the Annual Bills.

In order to give some context to the figures provided it should be noted that Capita receives in the region of 1,000 items of post per week excluding the annual billing period when this significantly increases. The level of Council Tax correspondence was reduced to 831 items as at 27th February 2004. This increased slightly to 1,065 items as at Friday 5th March 2004, due to the system closedown on Monday 1st March, but has subsequently reduced to 396 items as at 26th March 2004. It is anticipated that this will increase again as a result of the annual billing programme and support to the Customer Service area. However, as detailed in our action plan all work will be within SLA by mid May with certain areas that impact on cash flow such as direct debits being prioritised. The diary levels are routinely monitored to ensure that they are reasonable and not used as a tool to delay action on an account. The graph below indicates the success that has been achieved in reducing the level of outstanding work.

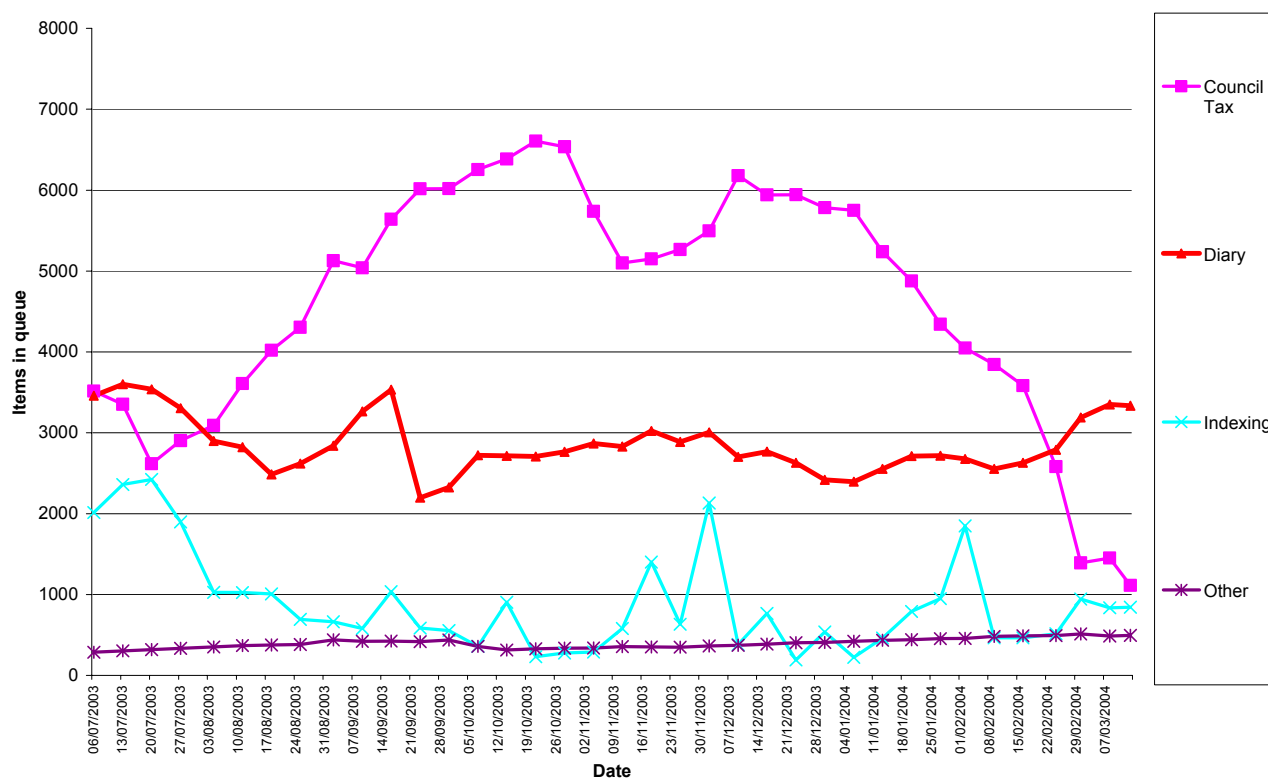
In the unlikely event that a backlog should occur during 2004/05 then the following initiatives will be applied as appropriate:

- Bromley off site team
- Overtime
- Temporary Staff

There is a backlog of 520 items in the Valuation area, these are new properties where the new liable person has not yet been established. Splits/mergers and new properties where the liable person was identified were classed as high priority and actioned prior to annual billing. The occurrence of the backlog in valuation has highlighted a low resilience in supporting the team whilst it is housed in Brent House. It is therefore proposed that the valuation work be transferred to our Bromley site and absorbed into the well established team. Recruitment has been undertaken in Bromley to increase the resources and the transfer has taken place, Overtime and resources from the team are currently processing the backlog which will be cleared by the end of April 2004 when a full VO list reconciliation will be undertaken..

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Brent Revenues Queue Analysis



8. Accounts with no payments

This has been identified as part of the data cleansing exercise and the results are shown under Section 6 of this report.

9. Recovery Timetable

The attached recovery timetable has been discussed with Customer Services and incorporates as many changes as were practically possible following the observations outlined by Brent. The same approach has been suggested, as was used last year, in that the timetable will be constantly reviewed, with Customer Services and the client and if necessary the timetable will be amended as required to maximise collection using volumes, parameters etc. as the controlling mechanism.

Our strategy will be to run a pre list against potential reminders and summonses and set the parameters to send those cases as a priority that will achieve the most financial benefit to the Authority.

The proposed recovery timetable is attached in Appendix B

Capita Business Services

10. Bailiffs

It is essential that debts are progressed to the bailiff at the earliest opportunity, unfortunately debts for 2003/4 were not passed to the bailiff until September 2003, due to the recovery programme in place on the transfer of the contract and a software bug on SX3. The first debts for 2004/5 are scheduled to be referred in July 2004.

In addition a large number of liability orders for old year debts previously held with other firms of bailiffs were passed to Equita in the first six months of the contract. In the period between March and April 2004 Equita will focus on clearing all outstanding cases and returning any case where they have not had contact from the Council Tax payer. The Bailiff support team based at Bromley will act as a link between the Council Tax teams and the bailiffs. We will utilise this resource to clear the cases that relate to pre contract arrears, these will be reviewed to determine whether to pass Liability Orders to a secondary bailiff, progress through other forms of recovery or recommend for write off.

Current figures indicate that there are approx. 9,000 arrears cases to be reviewed by the team. It is estimated that the 9,000 cases will be returned, on a phased basis, during April with the whole review process being completed by the end of June. These cases have been identified through system management information and do not require significant manual intervention.

	April	May	June
Returned by Bailiff	9,000		
Progressed to next recovery stage, as below, @ 50 per day	3300	3300	2400

Once the cases are returned, the Recovery Department in Bromley will be responsible for arranging for each case to be logged back onto the system. There will be 3 staff, from the pool of Equita staff, dedicated to this activity for Brent who will be targeted to complete 50 cases each per day. These cases will then be passed on for progression in one of the following areas:-

- Attachment of Earnings/Benefits
- Bankruptcy
- Write offs
- Tracing
- Referral to another bailiff company (Newlyn Collections Services Ltd)

The resources allocated to deal with the specific areas will be reviewed by the end of June when this exercise is complete.

In addition Equita will continue to concentrate on collecting 2003/04 debts from April to June. At the end of this period they will return any cases which are 6 to 9 months old where no contact has been received or made with the debtor. This will allow them to focus fully on the 2004/05 debts which should start to reach them by early July.

In April 2004 we will also introduce a new procedure which will filter out any debts where other methods of recovery have proved successful in the past. An example would be where we have successfully undertaken an Attachment of Earnings on a debt before and we retain the details of employment, in this case the attachment will be reinstated thus allowing the Bailiffs to concentrate on those cases where we have no other alternate recovery route open to us. Under the data cleansing section of this report we have also attached process diagrams showing the way we intend to identify cases where further enquiries will be beneficial before progressing through the recovery process.

Attached as Appendix D is the Activity Monitor for the Action Plan as at 31st May 2004.