

LONDON BOROUGH OF BRENT

Meeting of the Performance & Finance Select Committee 11th Jan 2005

Report from Director of Finance

For information

Wards affected:

ALL

Report Title: Revenue Performance

Forward Plan ref: BFS3/52

1.0 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 November 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 4 of this report.
- 1.2. By way of summary, Council Tax in-year collection at 31st November 2004 was 67.59% compared to an originally expected profile of 68.65%. A review of the monthly profiles began in November and was completed at the beginning of December. One of the main reasons for the review is the increase in the number of people using Direct Debit to pay and the abolition of the prompt payment discount, which has meant that the number of full payments in April has reduced significantly. Council Tax payers who pay by direct debit are entitled to 12 monthly instalments as compared to 10 for other types of instalment payments. This increase in direct debit payments means that the profile of cash received on a monthly basis has changed, particularly for February and March. Collection this year is 1.05% higher than that at the end of November 2003 when 66.54% had been collected, some of which will have been the monies paid to receive the prompt payment discount.

- 1.3. For NNDR the in year collection rate at 31st November 2004 was 77.54%. This is up 3.58% on last year. This performance is very encouraging. Provided this level of performance is sustained, then end of year collection is likely to exceed the contractual target of 96.2%.
- 1.4. Performance continues to be monitored against the Annual Service Plan developed by Capita for the year 2004/05.

2.0 Recommendations

- 2.1 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.

3.0 Detail

- 3.1 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. The report includes details of the bailiff collection along with details of the reviewed collection profile for the months November 2004 to March 2005.

3.2 Performance against contractual and service objectives

3.3 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 (pre-contract) of £0.5 million during 2004/05.

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 as well as the expected collection outlined in the profile at the beginning of the year.

Collection was up 1.05% at the end of November 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.

This, given with the fact that increased payments are due in February and March arising from direct debit, indicates that Capita should exceed last years performance of 90.97%.

Table 1: In Year Collection to Date

Original 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 Target	13.77	22.01	29.9	37.65	45.40	53.15	60.90	68.65	76.25	83.85	88.50	93.00
2004/05 Actual	13.77	22.01	29.9	37.42	44.79	52.66	60.15	67.59				
Variance on 03/04	-9.58	-7.01	-4.94	-3.05	-1.74	-0.32	0.01	1.05				
Variance on Target				-0.23	-0.61	-0.49	-0.75	-1.06				

Table 1 shows that on a cumulative basis Capita are down by 1.06% against their original profile for collection. The increase of DD payers from 35.48% in April to 42.3% in November has meant that many more payers now have instalment dates in February and March.

As a result of this amendments have been made to the monthly profiles for collection. This has been done by Capita in consultation with Brent, as shown at table 2.

Table 2: Revised profile

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2004/05 Target	13.77	22.01	29.90	37.65	45.40	53.15	60.90	68.65	74.94	82.29	87.79	93.00
2004/05 previous profile	13.77	22.01	29.9	37.65	45.40	53.15	60.90	68.65	76.25	83.85	88.50	93.00

Regular discussions are held with Capita about collection performance. These are held at the monthly contract meetings and the sub contract meetings. Performance figures are received and monitored on a weekly basis, with any concerns being immediately discussed. A joint meeting was held in November between Capita and Brent to brainstorm methods of improving collection. Some of the ideas considered in that meeting have begun to be implemented. Work will continue to ensure that all methods of collection are explored and the amount collected increased wherever possible.

3.4 Council Tax Collection for previous years

The level of collection for the 2003/04 year is unlikely to meet the target of 95% set for the 31st March 2005. At the 30th November 92.89% had been collected and it is anticipated that 94% will be collected by the 31st March 2005. The Client Team have asked Capita to confirm their plans for improving performance for these arrears. It should be noted that the target for 95% was agreed with a target of 92% to be collected in the year 2003/04. This would have left a difference of 3% to be collected for that year in 2004/05. The amount collected in 2003/04 was 90.97%.

Table 3 shows accumulative month-by-month performance in 2004 for the outstanding 2003/04 debt. Average cash collection per month for 2003/04 is £150,000.

Table 3: Actual Collection for 2003/04

2003/04 Collection – Council Tax

	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Collected	90.73%	91.12%	91.60%	92.02%	92.03%	92.29%	92.63%	92.89%	

This is an area where improvement is needed. Actions outlined in previous committee report have been undertaken including the bankruptcy campaign at the same time as the publicity campaign which is currently underway.

The target for pre contract arrears collection is £500,000 collected during the year 2004/05. At the 31st November £932,689 had been collected. Performance exceeds contractual targets.

3.5 NNDR Performance

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

The NNDR in year collection rate at the end of November 2004 was 77.54%, which is 3.58% up compared to the same time last year. It is anticipated that the contractual collection target of 96.2% will be exceeded by 31st March 2005. This is very good performance particularly given the migration to a new computer system in January 2004.

Table 4: NNDR collection

Collection Profiles – NNDR %												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2001/02 Actual	7.36	16.32	24.73	34.99	43.87	55.19	65.46	73.38	81.44	90.27	91.20	96.08
2002/03 Actual	9.36	19.50	29.19	38.55	46.81	55.51	65.56	74.23	83.50	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 Target	8.50	17.80	26.30	37.50	46.50	56.80	65.80	74.00	84.10	93.00	95.00	96.20
2004/05 Actual	9.66	19.01	28.46	33.33	48.85	58.59	68.03	77.54				
Variance on 03/04	N/A	1.28	2.18	0.86	2.37	1.84	2.24	3.58				
Variance on target	1.16	1.21	2.16	0.83	2.35	1.79	2.23	3.54				

With current levels of performance Capita are likely to exceed the contractual target of 96.2%.

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. 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.

3.6 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 November 2004, this has increased and 42.3% of payers were paying by Direct Debit. This increase is welcomed.

Database Analysis and Cleansing

This work has now been substantially completed and will continue on an ongoing basis. It has resulted in the identification of some properties which should have been banded by the valuation office in previous years. These properties are being referred once again to the valuation office for banding. This has resulted in bills being sent to some residents with liability prior to this financial year. Any resident who has received this type of bill has been written to with an offer to extend the timescales for payments.

Inspections

At the end of April 2004 a backlog of properties to be inspected had accumulated. Figures indicate that this backlog has been cleared and inspections are now predominantly completed within target timescales. Brent will continue to work closely with Capita to ensure that inspections are completed within target.

Correspondence

On the 31st November 919 items of correspondence were outstanding. This represents 4 days work. 206 of those items were outstanding beyond the target of 5 days. On average 4,500 to 5,000 pieces of correspondence are received each month. At the 31st November 3 items of NNDR correspondence were outstanding on average 300-350 pieces of correspondence are received each month.

3.7 Bailiff Performance

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 any cases held by Equita for debts prior to the 2004/05 year would be reviewed and returned from Equita, 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's).

As a consequence of our contract monitoring work, Bailiff letters have been reviewed to clearly show they are acting on behalf of Brent. Bailiffs have been given targets for collection of monies; these are outlined in Appendix 1.

3.8 Capita IT Provision against contractual requirements

IT performance has improved in the year 2004/05 with 100% network availability for the months April to October, this reduced to 99.89% in November. Viewstar availability was 100% for all months except August which was 99.9% and September which was 99.6%. The NNDR system had 100% availability for 7 of the 8 months the exception was November with 99.62% availability. The I World system (Benefit and Council Tax processing), reduced to 98.1% availability for the month of October, there was 100% availability in September and November.

99% of calls to the Capita help desk were answered within 30 seconds in September and November, with 96.6% answered in October.

3.9 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%.

3.10 Future Changes

Value Bill

Brent have been selected as a forerunner authority for Value Bill, this will improve the efficiency of 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.

3.11 NNDR Revaluation

The re-evaluation of NNDR properties has been undertaken by the Valuation office. The list has been received and is currently being loaded by the Capita valuation team. This will mean changes to bills and transitional relief for businesses. Plans will be developed for the potential increase in enquires as a result.

3.12 Year End

Planning has begun for the issue of the new annual bills in March 2005.

3.13 Customer Services Performance and Issues

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

3.14 Complaints

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

Table 5: Complaints Details

	September			October			November		
	Recd	Response on time	% Upheld	Recd	Response on time	% Upheld	Recd	Response on time	% Upheld
Stage 1	42	94.4%	16.7%	58	86.4%	26.2%	46	96.4%	20.8%
Stage 2	9	100.0%	22.2%	5	100.0%	0.0%	16	75.0%	25.0%
Stage 3	4	0.0%	100.0%	3	80.0%	60.0%	6	N/A	N/A
LGO	0	N/A	N/A	0	N/A	N/A	0	N/A	N/A
Total	55			66			68		

The measurement of response times is against the number of complaints dealt with in the month, not the number received. It will include some which have been received in the previous month for which the target to respond did not fall in that month. In the same way some of the complaints received in a month would not be responded to until the next month. The targets for responding to complaints are within 15 working days at Stage 1, 20 working days at Stage 2 and 30 working days at Stage 3.

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.

3.15 Counter callers

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

Table 7: Details of callers to the counter service

Counter								
	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
Total seen	5798	4645	5386	4710	4210	4379	4052	4234
Number seen within 30 minutes	4084	3253	3492	3464	3427	2798	3019	3201
% seen in 30 minutes	70.4%	70.0%	64.8%	73.5%	81.4%	63.9%	74.5%	75.6%
Average wait time (mins)	53.8	50.6	44.9	32.1	25.0	41.0	29.0	29.0

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. Notwithstanding that, the above table shows that

customers demand has fallen during the year and average waiting time has improved.

3.16 Telephone Performance

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.

Table 8: Telephone Performance

Telephone Performance								
	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04
Answered	11935	8941	9264	9037	9155	9570	8276	9512
Abandoned	2318	1885	2855	1451	2001	2041	1876	2044
% of calls answered in 15 seconds	22.2%	31.4%	16.7%	33.5%	23.3%	23.7%	23.7%	15.2%
% of calls answered in 5 minutes			46.0%	63.2%	66.6%	66.9%	65.6%	47.8%
% abandoned	16.3%	17.4%	23.6%	13.8%	17.9%	18%	18.5%	17.7%
Average time to answer (secs)	124	108	173	120	158	158	163	199

3.17 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.

4.0 Financial Implications

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

5.0 Legal Implications

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

6.0 Diversity Implications

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

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 There are no direct staffing implications arising from this report.

Background Papers

Contact Officers

Margaret Read
Head of Revenues and Benefits

Duncan McLeod
Director of Finance