

Capita Business Services

CAPITA BUSINESS SERVICES LTD

Council Tax Collection 2005/06

London Borough of Brent

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1. Introduction

Capita has a contractual target to achieve 93.5% collection for the year ending 31st March 2006, Collection for 2004/05 was 93.41% a significant increase on the previous year's performance of 90.97%.

The 2003/04 arrears achieved a collection of 93.50 in 2004/05, an increase of 2.53% within the year. A further 2.5% increase is required in 2005/06 to achieve the contractual target.

The pre-contract arrears total to 31st March 2005 was £4.25m exceeding the target of £3.5m by £0.75m. Although there are no further contractual obligations Capita will be continuing to collect pre contract arrears as efficiently as possible.

This document along with the attachments, details the proposals to maintain the improvements in Council Tax collection and the actions to be undertaken in 2005/06 to achieve the in year contractual target of 93.5% and the collection of arrears.

2. Council Tax Action Plan 2005/06

The Council Tax Action Plan for 2005/6 will be a combination of the Service Improvement and Recovery Collection Plans developed over the past years along with some addition key actions identified in some brainstorming activities. 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.

3. Monthly Collection Profile for 2005/06

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) in 2004/05 this figure may be distorted by the annual payers who choose to continue a lump some payment last year but have now chosen to transfer to Direct Debit in 2005/06. It is therefore suggested that the profile be re examined in early May when management information will be available which will enable us to produce a more accurate forecast for 2005/06. The profile will continue to be reviewed throughout the year, as was shown in 2004/05 the profile does not always provide an accurate reflection of the expected year end collection and any variations in the payment profiles will need to be carefully monitored.

	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
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	74.94	82.29	87.79	93.00
2004/05 (Actual)	13.77	22.01	29.90	37.42	44.79	52.66	60.15	67.59	74.92	81.53	87.30	93.41
In month run %		8.24	7.89	7.52	7.37	7.87	7.49	7.44	7.33	6.61	5.77	6.11
2005/06 (Target)	13.50	21.50	29.25	37.00	44.5	52.25	60.00	67.75	75.25	82.75	88.25	93.50
In month run %		8	7.75	7.75	7.5	7.75	7.75	7.75	7.5	7.5	5.5	5.25

When calculating the month by month collection rate for 2004/05 an assumed figure was used for the credits carried forward. This figure proved to be over estimated and therefore did not reflect a true picture on a month on month basis. During 2005/06 a new procedure will be devised to calculate a credits carried forward figure at the end of each month.

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The current payment profiles for 2005/06 indicate that 41.07% of the debt will be collected by direct debit and the remaining 58.93% by cash and standing order.

The table below shows the breakdown of the 2004/05 achievement of 93.43% based on the different payment methods and the forecasted breakdown for 2005/06

Payment Type	DD	SO	Cash	Bailiff (including direct payments)	Total
2004/05	41.62%	1.62%	48.03%	2.16%	93.43%
2005/06	43%	1.62%	46.88%	2%	93.50%

At this stage these figures can only be used as an indicator. The Direct Debit percentage should increase as there has already been over 500 new direct debit mandates received in March and the cash figure will reduce as accounts move on to pre and post bailiff stages.

The reports for profiled payments will continued to be run at the end of each month to use as a guideline ensuring that the proposed profile to achieve 93.5% is in line with payments on accounts.

4. Database Analysis and Cleansing

During the early part of 2004/05 a comprehensive database cleansing operation was undertaken with the highlight on accounts with no activity.

Between April and September 2004 the number of accounts on the report reduced from 9,428 to 839. This report has been continued to be run monthly and any new accounts identified. Newly identified accounts are looked at individually and investigated to ascertain if there is a data issue or a genuine non payer. This activity will continue during 2005/06 as it has proved to highlight a variety of issues. The following checking methods are used on accounts:

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

The regular updating of LBB tenancy changes, Housing Association changes, reduction of correspondence levels and increased property inspection turnaround will continue through 2005/06 to ensure that information is recorded on the system speedily and new bills are sent at the earliest opportunity.

To date the level of 'Gone Away' bills returned from the 2005/06 annual billing programme is only 213 compared with 856 from the 2004/05 programme. This is a direct reflection of the cleaner data held in SX3 and the housekeeping practice of actioning 'Gone Away' bills as soon as possible will continue through 2005/06. The close relationship that has been formed between the Housing Benefits and Council Tax departments will be utilised to ensure that information on properties is related to the relevant parties as quickly as possible reducing the level of 'Gone Away' returns and LA errors on Benefits accounts.

The introduction of wireless devices and VF interventions are being implemented and will further enhance the speedy recording of information on both the Council Tax and Benefits database.

The cleansing of the database during 2005/6 will also include a timetable of reviews for exemptions and discounts. Reviews of DBR and Students has already been undertaken. SPD is the next category

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to be started mid April. In addition it has been highlighted that a number of exemption/discounts do not have an end date on the system and there is currently no systematic review in place. During 2005/06 all the accounts identified will be checked and either end dates allocated or a review programme instigated.

There are also a number of other activities being undertaken in 2005 to ensure data is accurate:

- 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. - Implemented for Annual billing and will continue throughout the year
- Housekeeping exercise identifying 'Council Tax Payer' accounts as soon as the bill is issued and action taken. – Implemented for the first ad hoc bill run and all subsequent runs
- Reconciliation of properties and payments will be conducted quarterly with LBB housing to identify anomalies with the housing database in a timely manner. It is proposed that an SLA be agreed with the Housing Department to ensure that both parties comply with this proposal. – First Schedule due June 2005 with SLA proposal finalised at the same time.
- Procedures 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.- Already implemented and will continue through 2005 on all newly identified properties
- Continue with regular reconciliation of the Valuation Officer list – To be completed after every VO update schedule has been loaded onto the system.

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5. Key Activities

The 2005/06 recovery timetable will continue with the high volume of activities started in 2004/05. The proposed plan has already been discussed at the Customer Service liaison meetings but will continue to be revisited throughout the year. The plan will be continually 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.

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

Bankruptcy Campaign – Campaigns were undertaken in 2003 and 2004 and it is proposed that during 2005 a continuous programme is deployed to send pre bankruptcy letters and Statutory Demands to every case identified. The current contract only financially supports 200 Statutory Demands, with 20 moving to full bankruptcy. A separate proposal is being prepared to increase this to a level that will fully support more significant improvements in current and arrears collection levels. A publicity campaign is set for August.

Outbound Calling - Pilot schemes were undertaken in 2004 and schemes will continue during 2005 on Reminder runs, Summons, pre bailiff, broken arrangements and bankruptcy cases. An exchange of telephone numbers between Equita and SX3 will continue as well as reiteration to back office staff and Customer Services to record telephone numbers whenever possible. Our database of debtor's telephone numbers has improved significantly in 2004/05 and this will assist with the success of this approach in the coming year. The new telephone system recently implemented by LBB has a facility for the capture of telephone numbers and it is being investigated as to the feasibility of transferring this information automatically to either SX3 or the Viewstar system.

Direct Debit campaign - The level of Direct Debit payments significantly increased during 2004 from 29.9%

in April 2004 to 41.07% in April 2005. Campaigns have already started with the annual billing programme and will continue with a Decaux poster campaign in May aided by the National Westminster Bank. We will be setting an internal target following the running of the payment profiles at the end of April.

Single Person Discount – A full SPD review is now scheduled for April 2005. A comparison with the electoral role and benefits database will be made to reduce the numbers of direct verifications required.

Council Tax Benefit - During 2005 benefit campaigns, aided by the DWP will be undertaken to encourage Pensioners to claim their full entitlements including the £200 Council Tax rebate recently announced in the 2005 budget.

Council Tax Recovery - The recovery programme will reflect the need to remind late and non payers speedily especially around the period when collection normal reduces due to customers having other financial commitments i.e. December, January.

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6. Suppressed Accounts

All suppressions are under regular review and there are no current issues. Reports are run monthly and any accounts with suppression over 28 days are individually investigated. In addition, to ensure that accounts are not continually suppressed for less than 28 days at a time, a monthly report is run highlighting any accounts with recurring suppressions

7. Bailiffs

The percentage of debt collected by Equita in 2004/05, including direct payments, was £1.81m equating to 2.16% of the collectable debt. This exceeded their target of £1.76m. This has been achieved by the returning of all the old uncollectible debt allowing them to concentrate on new debt. This approach will continue during 2005/06 with debts being held by Equita for 3 to 6 months allowing them time to make contact and arrange payment. Any debts where contact cannot be made or where the debt is assessed as being uncollectible by the bailiff will be returned as soon possible and referred on for further action as detailed below.

The volume of referrals to the bailiff is anticipated to decrease during 2005/06 due to the expected increase in payments at bill, reminder, final and summons stages. Therefore, the new Equita target will be set at 2% of the 2005/06 collectable debt. Attached in Appendix 1

In April 2004 new procedures were introduced to 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. This procedure has proved successful in a number of cases and will be continued in 2005/06

During 2004/05 a number of Saturday blitz's were made and as these proved a successful way to make an initial contact with non payers, the level of blitz's will be increased during 2005/06.

It is proposed that the identification of cars owned by non payers be increased via verification with DVLC. This will lead on to car clamping which in turn used as publicity as well as for payment of debts.

Once the uncollected cases are returned, the Recovery Department in Bromley are responsible for arranging for each case to be logged back onto the system. These cases are then 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)

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8. Arrears

The pre contract arrears at the end of March 2005 were £4.25m exceeding the end of year target of £3.5m.

Although no contractual targets are applicable there is Internal target of achieving £5m by 31st March 2006.

The post contract 2003/04 collection was increased from 90.97% to 93.50%, an increase of 2.53%. The highest priority in arrears collection during 2005/06 will be the 2003/04 debt. Reports have been run identifying the breakdown of debt outstanding into the categories: see appendix 3

- Bill
- Reminder
- Final
- Summons
- Liability Order (various enforcement stages)
- Bailiff
- Bankruptcy
- AOE
- AOIS
- On Hold
- Summars

The categories of Bills, Reminders and Finals will be checked for any cases where further recovery has been restricted due to profiles, suppressions or system bugs.

The categories of Summons and Liability Orders will be checked after each court cases to ensure all cases have been progressed and not restricted.

Accounts with the Bailiff will be monitored to ensure all cases which have been at the bailiff for 6 months and no contact or payment has been made are promptly returned and progressed.

Accounts on Summar, AOE and AOIS will be monitored monthly. Contact via telephone will be initiated or the debt progressed to bailiffs or bankruptcy.

The On Hold categories will be monitored monthly and the hold withdrawn as soon as the relevant action has been taken e.g. benefit awarded, payment made etc.

The cases which have been catergorised for bankruptcy will be monitored to ensure all accounts have received a pre bankruptcy notice and a Statutory Demand. This will involve an increase in the number of Statutory Demands issued in 2004 of 200 and a separate proposal with costs involved will be presented by the end of April 2005 to Brent. From the accounts a number of checks will be made and the accounts which are assessed as likely to result in the most financial gain e.g. house owners, self employed, will be cherry picked for progression to full bankruptcy. The increase in these numbers will also be in the proposal to Brent.

Further analysis of the pre contract arrears debts and the 2004/5 arrears has been undertaken and a similar exercise on these debts will be undertaken. Attached in Appendix 2

Alongside this debt analysis will be a number of other activities including:

- Identifying and reviewing the top 100 debts on a monthly basis
- Identifying home owners via Land Registry (possible Charging Order)
- Identifying other Council debts (possible joint recovery action)
- Identifying Right to Buy cases (confirm CTax paid)

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- Increase Housing Association Liaison (forwarding addresses etc.)
- Identify large Landlords (benefit payments)
- Support all Summar arrangements with employment details
- A member of the Client team to attend court for Benefit related issues or a direct Benefits telephone line assessable from the Court.
- Run regular benefit report to identify accounts with HB but no CTB
- Search Benefits database for Employment details or NI numbers

We are confident the approach detailed above will provide for the continued improvements in collection to and hopefully exceed the contractual targets for the forthcoming year.