



**Performance and Finance Select  
Committee**

9<sup>th</sup> November 2005

**Report from the Director of Finance  
and Corporate Resources**

For Information

Wards Affected:  
ALL

**Report Title: Revenue and Benefits Performance**

**1.0 Summary**

1.1 This report outlines performance in relation to Council Tax and Business Rates collection. Performance is shown as at 30 September 2005, where the figures are available an update is included for performance at 28 October 2005.

1.2 It also updates performance on the Benefits Service.

**2.0 Recommendations**

2.1 Members are asked to note Capita's Council Tax and NNDR collection performance against contractual targets for 2005/06;

2.2 Members are asked to note that Council Tax and NNDR collection for arrears in the 2003/04 and 2004/05 years will need to improve to achieve contractual targets in 2005/06; and

2.3 Members are asked to consider Capita's performance against the collection improvement plan that was submitted to committee in June 2005.

**3.0 Detail**

**3.1 Capita's performance**

Collection performance for the 2005/06 year has generally been good exceeding the amount collected at the same time in 2004/05. There

has been improvement to arrears collection for 04/05 with performance showing 93.84% collected at the end of September for Council Tax. Collection for 03/04 (as at the end of September 05), is however still disappointing at 93.84%. Pre contract Council Tax arrears collection has remained positive, exceeding the target set for 2005/06. NNDR collection has also remained very positive, with collection to September 05 exceeding the same date in 2004/05 and indicating that the contractual target is likely to be exceeded by the end of the financial year. IT performance has been stable for the period July 05 to October 05.

### 3.2 Council Tax Collection for 2005/06

In 2005/06 Capita are contractually required to achieve an in year collection rate of 93.5%.

In year collection is monitored throughout the year on a monthly basis against two main indicators. These are a monthly comparison of in year collection against the same point in time in previous years and Capita's own monthly collection forecast aimed at achieving contractual targets by 31 March 2006.

Table 1 below shows monthly collection this year to date and compares that with monthly collection in 2003/04 and 2004/05. This shows that the monthly collection between April and September 2005/06 has exceeded that for the same period in 2004/05.

**Table 1: 2005/06 In Year Collection % to Date compared to previous years**

Collection – Council Tax												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
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	52.66	60.15	67.59	74.92	81.53	87.3	93.41
2005/06 Actual	14.11	22.6	30.51	37.7	45.21	52.91						
Variance on 04/05	0.34	0.59	0.61	0.28	0.42	0.25						

Table 2 shows that the monthly collection profile forecast 2005/06 have been exceeded for each month so far, in 2005/06. This is an encouraging performance. It should be noted that this is partially due to the higher than expected amount of council tax paid up front in April 05. The profile continues to be subject to review throughout the year, to reflect changes such as any increase of payers who chose to pay by direct debit thus spreading payments to include February and March or

amendments to payment arrangements made as a result of recovery action.

**Table 2: 2005/06 Monthly Profiles as a % of the amount to be collected.**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2005/06 profile	13.50	21.50	29.25	37.00	44.5	52.25	60.00	67.75	75.25	82.75	88.25	93.50
2005/06 Actual Performance	14.11	22.6	30.51	37.7	45.21	52.91						

At 28 October the collection rate for 2005/06 was 60.20% this exceeds the profile forecast for the month of October and is 0.05% above the amount collected at the end of October 2004. The final October collection figure will include monies collected on Saturday October 29 and Monday October 31.

The number of payers on Direct Debit has increased, with 45.3% of Council Tax payers paying by Direct Debit in September. Direct Debit is the council's preferred method of collection as it is the most cost effective and payers on Direct Debit are much more likely to adhere to their instalment plans. The take of Direct Debit will continue to be encouraged. A campaign was undertaken in the months of July, August and September to increase Direct Debit take up.

### 3.3 Council Tax Collection for previous years

#### 2004/05 Collection

By the end of 2005/06 Capita are contractually required to collect 95.5% of the 2004/05 debt. Table 3a shows the accumulative performance in collection of outstanding 2004/05 debt for each month in 2005/06.

**Table 3a: Collection for 2004/05.**

	April	May	June	July	Aug	Sept	Oct
2004/05 in 2005/06	93.01%	93.00%	93.09%	93.31%	93.57%	93.84%	
Monthly % collection		-0.01	0.09	0.22	0.26	0.27	

Collection for 2004/05 was 93.84% at the end of September. This performance shows improvement to the weak performance in the first quarter of the year. If 0.27% continues to be collected on a monthly basis between October and March, then 95.46% could be achieved by the end of the financial year. Typically collection will fall off towards the end of the financial year, particularly between December and January

05, so it seems unlikely, at this stage that the contractual target of 95.5% will be achieved.

At October 28 the collection performance for 2004/05 was at 94.07% a 0.23% improvement since the end of September, monies collected on October 29 and 31 will need to be added to do a full monthly comparison with the end of September.

### **2003/04 Collection**

In 2005/06 Capita are contractually required to achieve a target of 96% for the year 2003/04 arrears.

Table 3 shows accumulative month-by-month performance in 2005/06 for the outstanding 2003/04 debt.

**Table 3: Collection for 2003/04**

	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2003/04: in 2005/06	93.37%	93.46%	93.61%	93.67%	93.72%	93.84%			
Monthly % collection		0.09	0.15	0.06	0.05	0.12			

Collection for 2003/04 at the end of September is 93.84%. By 28 October 93.91% had been collected for 2003/04, which is an increase of 0.07% since the end of September; a complete monthly comparison would also include collection made on October 29 and 31.

Maintaining the level of performance over the previous months, it is forecast that Capita will achieve a collection rate of 94.5% by March 2006. Significant and sustained improvements are required to meet the target of 96%. Details of planned actions to improve on this are outlined later in the report.

To bring about improvements in the 2004/05 collection and that for the 2003/04 year, actions outlined in a previous committee report including bankruptcy, will be increased over the coming months. This is outlined in further detail later in the report. Other methods of recovery will continue to be explored with Capita to ensure that collection is maximised.

### **Pre Contract Arrears Collection**

The target for pre contract arrears collection during the 2005/06 year is £500,000 to be collected to a cumulative total of £4m. This cumulative total has already been exceeded. At the 30 September 2005 cumulative collection had reached £4,664,920 with £413,475 collected between April and September 2005. This means that performance now exceeds contractual targets for 2005/06. The client team will continue to work with Capita to ensure that collection for these years continues to be a priority.

### 3.4 NNDR Performance

#### 2005/06 Collection

For NNDR (Business Rates) the collection target is 96.4% for 2005/06.

The NNDR in year collection rate at 31 September 2005 was 59.56% which is 2.56% above the monthly profile set by Capita and 0.97% up compared to the same time last year, when a collection rate of 97.8% was achieved. Table 5 outlines the collection performance and compares it with the previous year and the profile targets set to achieve the contractual target of 96.4%

**Table 5: NNDR collection 2005/06**

Collection Profiles – NNDR %												
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2004/05 Actual	9.66	19.01	28.46	38.33	48.85	58.59	68.03	77.54	87.36	95.35	96.67	97.8
2005/06 Target	9.25	18.5	28	37.5	47.5	57	66.5	76	85.5	93.5	95	96.4
Actual 2005/06	10.57	19.75	28.99	40.08	49.61	59.56						
Variance on 04/05	0.91	0.74	0.53	1.75	0.76	0.97						
Variance on target	1.32	1.25	0.99	2.58	2.11	2.56						

Although 96.4% is the target for 2005/06, the deduction and incentive scheme is based on collection compared to payments that have to be paid into the National Pool. This increases Capita's incentive to exceed the targets set, while ensuring that incentives are firmly based on speed of collection.

### 3.5 Improvement Plan

Some of the key activities outlined in the improvement plan to improve arrears collection include:

- Identify Home Owners via Land Registry
- Obtain employment details for Attachment of Earnings
- Bankruptcy Campaign

Increased work will be done in all of these areas commencing in November. Other initiatives will be trialled including the use of external agencies to assist with tracing council tax debtors who no longer live in the property for which they owe tax.

### **3.6 Capita IT Provision against contractual requirements**

The provision of IT has been good for the period July to October 2005. The results of a health check carried out by SX3 (the supplier of the Revenues and Benefits software system) included a recommendation to purchase another server to host the application. This was recommended because of the increased stress on the UNIX box, which on occasions, resulted in the system response being slower than usual but was also likely to become a more frequently occurring problem as system demands increased. The increased requirements in relation to the software needed for Verification Framework and other areas which could have a future impact on the hardware required were also taken into account. The application server was successfully installed in September 2005 with no disruption to service.

### **3.7 Viewstar replacement project**

This project relates to the replacement of the existing Document Imaging and Workflow system (Viewstar) currently in use by the service. Go live will be early November 2005. Training has been completed and final acceptance testing is being carried out in the week commencing 31 October 2005. The conversion to the new system is planned to take place over a long weekend, commencing on Friday 4<sup>th</sup> with a planned go live date of Monday 7 November 2005. Productivity will be monitored closely after go live to ensure that this is not adversely affected. It will be necessary however to make some allowance over the first few days after go live, for the impact of staff familiarising themselves with the new system. At the time of writing, all staff within Revenues and Benefits, Capita and the One Stop Shop have been trained on the View360 system. Reporting arrangements in the new system do differ to those on the existing system because the new system is able to identify and count each piece of work outstanding in relation to a case, as opposed to the existing system, where individual work folders can contain several pieces of work. Performance reports will be reviewed to reflect this change.

Once the first phase of the new system has been installed, work and testing will be carried out on further phases which will include more sophisticated work flow and work load management. The phase 2 development has already begun with a target date to install at the end of December 2005.

### **3.8 Customer Service**

In September 2005 the Brent House Revenue and Benefits Counter Service was transferred to the One Stop Shop. As a result all of the Revenues and Benefits customer service enquires received over the

telephone or via a visit from a customer will be dealt with by the One Stop Shop. Table 6 provides details of the number of council tax enquiries from customers dealt with by the contact centre between April and Sept 05.

**Table 6: OSS Contact Centre Performance – Council Tax Line**

Call Centre (Council Tax Line)	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	
Answered	11614	9261	9607	8090	10416	11134	
Abandoned	2613	2668	2412	1412	708	1112	
<b>Ans 15 secs ►</b>	<b>4423</b>	<b>1631</b>	<b>2036</b>	<b>2703</b>	<b>6908</b>	<b>6410</b>	
<b>% of calls answered in 15 seconds</b>	<b>31.1%</b>	<b>13.7%</b>	<b>16.9%</b>	<b>28.5%</b>	<b>62.1%</b>	<b>52.3%</b>	
<b>% abandoned</b>	<b>18.4%</b>	<b>22.4%</b>	<b>20.1%</b>	<b>14.9%</b>	<b>6.4%</b>	<b>9.1%</b>	
<b>Average time to answer (secs)</b>	<b>132</b>	<b>183</b>	<b>167</b>	<b>134</b>	<b>45</b>	<b>64</b>	
<b>Average call duration (secs)</b>	<b>379</b>	<b>341</b>	<b>373</b>	<b>357</b>	<b>332</b>	<b>304</b>	

### 3.9 Complaints

Table 7 below shows the volume of complaints received for Council Tax since April 2005. It details the percentage of those responded to on time and those upheld. There was an increase in the number of complaints that escalated to Stage 3 in July and August however none of these were upheld.

**Table 7 Council Tax Complaints**

Received	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05
Stage 1	51	44	32	44	30	44
Stage 2	8	6	11	10	7	10
Stage 3	2	2	1	3	4	1
Ombudsman	0	0	2	0	1	0
Response on Time	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05
Stage 1	91%	97%	97.3%	92.6%	92.0%	89.3%
Stage 2	100%	100%	62.5%	58.3%	60.0%	66.7%
Stage 3	100%	N/A	66.7%	100.0%	100.0%	66.7%
Ombudsman	N/A	N/A	50.0%	N/A	N/A	100.0%
Upheld	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05
Stage 1	55%	53%	16.2%	14.8%	38.1%	8.0%
Stage 2	71%	83%	37.5%	45.5%	0.0%	37.5%
Stage 3	0%	N/A	0.0%	0.0%	0.0%	0.0%
Ombudsman	N/A	N/A	0.0%	0.0%	N/A	0.0%

### 3.10 Annual Billing and Council Tax Revaluation

Planning has already commenced for annual billing in March 2006, liaison meetings have been held to identify when bills will be sent and increased resource will be provided by Capita to assist customer service in dealing with the increased enquiries.

The planned revaluation of council tax properties will now not take place in 2007.

### 3.11 Benefits Performance

#### Table 8: Age Profile of Work Outstanding

Table 8 below shows an age profile of all outstanding work as at 3 October 2005. Significant progress has been achieved in eradicating backlogs of change in circumstances awaiting processing, the majority of those outstanding now await documentary evidence requested from customers before they can be processed.

Table 8 A shows all work outstanding as at 31 October. It can be seen that the number of new application outstanding has reduced from 363 in early October to 212 at 31 October and that there has been a reduction to the overall levels of outstanding work from 5226 to 5055. This is a very stable position however we are still having to prioritise new application above change in circumstances in order to achieve our LPSA target of 36 days by the end of the financial year.

Month	New claims	Cancellations	Change in circs	Appeal	Other	Total items of work
January 2005	None	None	44	1	42	87
February 2005	1	None	35	None	17	53
March 2005	2	None	79	None	26	107
April 2005	7	1	93	1	51	153
May 2005	3	1	283	1	99	387
June 2005	10	1	565	3	277	856
July 2005	20	2	443	2	617	1084
Aug 2005	113	3	409	1	576	1102
Sept 2005	207	14	683	27	466	1397
<b>Total</b>	<b>363</b>	<b>22</b>	<b>2634</b>	<b>36</b>	<b>2171</b>	<b>5226</b>



Summary of work outstanding at 31 October 2005-10-31  
Table 8A

Total of all months	New claims	Cancellations	Change in circs	Appeal	Other	Total items of work
	212	22	2653	56	2154	5055

\* January figure includes January + any earlier items

\*\* "Other" figure includes complaints and postal reviews

### Best Value Performance Indicators

**Table 9 below shows performance against Best Value Performance Indicators for the 2003/04, 2004/05 and the first two quarters of this year.**

Table 9 shows our performance against best Value Indicators for quarters 1 and 2 of 2005/06. Our average processing times for new applications year to date is currently 38 days, which means that we need to reduce average processing times for quarters 3 and 4 to 34 days in order to achieve our LPSA target. We will continue to proactively prioritise new applications to ensure this happens.

Table 9 highlights revised figures for quarter 1 in relation to processing times for new applications and change in circumstances. Previous reports have been based on sampling of claims processed because of a range of inaccuracies in system produced performance reports. The revised figures have been produced through improved system reporting that now enables a much more accurate measurement of processing times for all claims. There is a continued need to correct anomalies in the system reports however the overall accuracy of these has improved sufficiently for us to be able to rely on them as the basis of our BVPI reporting. The revised figures for quarter 1 do not alter our overall CPA score of 3, and BFI have indicated that they do not propose to amend our CPA report to reflect the changes. It should be noted however that our revised performance for change in circumstances shows an improved position of 22 days compared to the original submission of 32 days but with a corresponding lengthening of new application processing times from 19 days to 39 days.

<b>BVPI</b>	<b>2003/4 Performance</b>	<b>2004/5 Performance</b>	<b>2005/6 Target</b>	<b>2005/6 Q1 (April –June)</b>	<b>2005/6 Q2 (July-Sept)</b>
Average days to process new claims	56 days	47 days	36	39 days Revised	37 days
Average days to process a change in circumstances	34 days	22 days	< 20 days	22 days Revised	20 days
Percentage of claims processed accurately	97%	98%	98 %	99%	98%

\* 2004/05 Performance from LGA Q1 05-06 Master

#### **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  
Paula Buckley - Head of Client

#### **DUNCAN McLEOD**

**Director of Finance and Corporate Resources**