



**Performance and Finance Select
Committee**
21st March 2006

**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 and a summary of performance in relation to the Housing Benefit service. Performance is shown as at 28 February 2006.

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.
- 2.3 Members are asked to consider Capita's performance against the collection improvement plan that was submitted to committee in June 2005, this will also form the basis for a performance plan to bring about improvements in collection in 2006/07 but the plan will be reviewed and updated by Capita by 31st March 2006.

3.0 Detail

3.1 Capita's performance

Collection performance for Council Tax in December and January for the 2005/06 year exceeded that of the same months in the previous year and also exceeded the monthly profile targets for collection that Capita had set themselves. February 2006 collection was however below Capita's profile collection target and was 0.3% lower than that of February 2005. While overall collection performance at the end of February exceeds that for the same time in 2005/06, it will be necessary for 5.72% to be collected in March 2006 in order to achieve the target of 93.5%. Capita had previously forecast collection for March 06 to be 5.25%. The additional 0.47% to collect represents in the main, cash payments which unlike Direct Debits, are not guaranteed.

Post contract arrears collection is disappointing with performance for 2004/05 showing 94.92% collected at the end of February and it now seems very unlikely that the annual target of 95.5% will be achieved. Collection for 03/04 at the end of February is at 94.3% and again is now very unlikely to achieve the contractual target of 96% by 31 March 2006.

Pre contract Council Tax arrears collection has remained positive, exceeding the target set for 2005/06. NNDR collection has also remained positive, with collection to February 06 exceeding the same date in 2004/05 and the contractual target for 31 March 2006 already exceeded. IT performance has been stable for the period October 05 to February 06.

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 profile 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 February 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	60.44	68.07	75.46	82.31	87.78	
Variance on 04/05	0.34	0.59	0.61	0.28	0.42	0.25	0.29	0.48	0.54	0.78	0.48	

Table 2 shows that the monthly collection profile forecast for 2005/06 have been exceeded for the months April to December but performance in January and February was below the amount expected to be collected at the end of each month.

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	60.44	68.07	75.46	82.31	87.78	

At 28 February the collection rate for 2005/06 was 87.78% this does not meet the profile for the month of February with the shortfall representing 0.47%. The client team are monitoring this performance closely in order to ensure that everything possible is done to meet the collection targets as set out in the contract.

It is difficult to make direct comparisons to collection during 2004/05 because payment profiles have changed and this has altered collection patterns during the year. Most significantly there have been increases to the number of people who chose to pay by direct debit. Direct debit payments are spread over 12 monthly instalments including February and March and thus payments are more evenly spread across the year. The number of payers on Direct Debit has increased in 2005/06, with 46.1% of Council Tax payers paying by Direct Debit in January 2006 compared to 39.98% in April 2005. Direct Debit is the councils 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. Campaigns have been undertaken during the year to encourage the take up of direct debit.

Work that will be undertaken during the month of March to improve collection is outlined in greater detail under Section 3.5 Improvement Plan. Members will be updated on the latest position at the meeting.

3.3 Council Tax Collection for previous years

2004/05 Collection

In 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	Nov	Dec	Jan	Feb
2004/05 in 2005/06	93.01	93.00	93.09	93.31	93.57	93.84	94.1	94.32	94.53	94.74	94.92
Monthly % collection		-0.01	0.09	0.22	0.26	0.27	0.26	0.22	0.21	0.21	0.18

Collection for 2004/05 was 94.92% at the end of February. While performance had improved in the second and third quarters of the year, performance from December onwards makes it highly unlikely that the target will be met. For the 2004/05 year 0.58% would need to be collected in the month of March, to meet the target of 95.5%. The maximum collected in any month was 0.27% in September 2005. It is likely that Capita will achieve a collection rate of 95.1% for the 2004/05 by the end of March 2006.

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	Jan	Feb
2004/05 in 2005/06	93.37	93.46	93.61	93.67	93.72	93.84	93.92	94.03	94.12	94.21	94.3
Monthly % collection		0.09	0.15	0.06	0.05	0.12	0.08	0.11	0.09	0.09	0.09

Collection for 2003/04 at the end of February is 94.3%. It is likely that Capita will achieve a collection rate of 94.4% for the 2003/04 by the end of March 2006. This level of performance is very disappointing. To bring about improvements in the 2004/05 collection and that for the 2003/04 year, actions outlined in a previous committee report including bailiff activity, will be increased. 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 31 January 2006 cumulative collection had reached £4,938,836 with £687,391 collected between April and January 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. This target has already been achieved.

The NNDR in year collection rate at 28 February 2005 was 97.06% which is 2.06% above the monthly profile set by Capita and 0.39% 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	68.94	78.99	88.56	96.39	97.06	
Variance on 04/05	0.91	0.74	0.53	1.75	0.76	0.97	0.91	1.45	1.2	1.04	0.39	
Variance on target	1.32	1.25	0.99	2.58	2.11	2.56	2.44	2.99	3.06	2.89	2.06	

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

The trial of tracing council tax debtors has begun with a person dedicated to using different methods of tracing to identify liable persons and forwarding addresses for these who have moved. Following evaluation the success of this method will be explored.

During the month of March a telephone campaign will be undertaken by Capita to customers who have outstanding debts, telephoned with a

view to making payment arrangements. Increased bailiff activity will also be undertaken during the month of March.

For 2006/07 increased working will be undertaken with areas such as Housing to share information and improve debt collection.

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

3.6 Capita IT Provision against contractual requirements

The provision of IT has been good for the period October to February 2005 with no significant impact on service availability.

3.7 Viewstar replacement project

The new Viewstar system V360 went live on 14th November 2005 and has now been in operation for 4 months. The first phase of implementation covered all major areas of functionality specified as part of the original specification, as well as the conversion of all data and images to the new system.

There are 2 further implementation phases of this project planned, forming part of the overall project. The next phase involves any outstanding areas of base functionality for the software. This phase is due to be implemented in March 2006, following a final review of phase 1 implementation. The final phase of the project, is projected to be implemented later in 2006 and involves enhancements to functionality, such as integration with SX3 and web servers and automation of some processes. A review of processes has commenced for benefits and will begin in April 2006 for Council tax. This will help to identify areas where improvements can be made to current working practices.

3.8 Annual Billing for Council Tax and NNDR

Amendments to bills and enclosures for Council Tax and NNDR have now been agreed with the enclosures printed at the time of writing this report. The postage dates for the Council Tax and NNDR bills have been agreed and Capita will provide additional support to customer service over a 2 week period from when the Council Tax bills are first received by customers. The posting of the bills has been staggered to ensure that the impact on customer service is managed as much as possible while still meeting the legislative deadlines for issue. The new charge has been posted on the internet for customers to access. The availability of the automated credit card hotline should also assist with reducing the number of customers who contact customer services just to make a payment.

3.9 Contract Review

The current contract with Capita includes the provision to extend beyond 5 years, should Brent wish to do so. A decision will need to be made by September 2006 as to whether or not this option will be taken up. The client team are currently reviewing the contract to consider whether or not we would wish to extend and to identify any elements of the contract that we may wish to amend.

3.10 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 enquiries received either by 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 and at the Brent House counter between April and Jan 06. Due to the transition of the service, the average wait time for the month of August and the number of customers seen within 30 minutes for September, October and November are not available.

3.11 Complaints

Tables 7 and 8 below shows the volume of complaints received for Council Tax and Benefits since April 2005. It details the percentage of those responded to on time and those upheld. November and December saw an increase in the number of Council Tax complaints that were escalated to Stage 3. Additional training has been provided to the complaints team to assist them in ensuring that the quality of Stage 2's is improved.

**Table 6
Customer Services**

Counter

Counter - Percentage of customers seen in 30 minutes													
	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
Total seen	4638	4649	5339	5393	3609	2007	2000	2044	4556	4326	4596	3899	4477
Number seen within 30 minutes	3465	3468	3908	4682	2864	1194	948	1004	*	*	*	3104	3805
% seen in 30 minutes	74.7%	74.6%	73.2%	86.8%	79.4%	59.5%	47.4%	49.1%	*	*	*	79.6%	85.0%
Average wait time (mins)	38.2	35.9	48.3	23.2	26.2	34.0	72.0	*	70.7	83.0	68.0	43.0	49.0

Call Centre

Call Centre (Benefits Line)													
	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
Answered	4598	5057	6463	7514	6610	7141	7344	8105	7836	8647	7917	6787	8277
Abandoned	1909	1756	1082	1346	1542	1594	1129	381	666	747	1704	591	1402
Engaged	29638	20993	29190	10131	11047	7462	11866	16298	15141	1922	4569	3676	2491
Average time to answer (secs)	352	266	170	144	178	159	113	29	56	51	138	62	105
Average call duration (secs)	470	426	415	275	425	386	371	358	341	321	365	337	350

Call Centre (Council Tax Line)													
	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
Answered	5736	5660	9456	11614	9261	9607	8090	10416	11134	11064	9910	7794	9442
Abandoned	2973	2322	1738	2613	2668	2412	1412	708	1112	1303	2387	800	1758
Engaged	34145	17145	11496	13373	25440	28517	51928	12554	5248	2078	3598	348	749
Average time to answer (secs)	333	260	136	132	183	167	134	45	64	73	149	63	104
Average call duration (secs)	411	381	338	379	341	373	357	332	304	313	169	301	301

Complaints

Table 7

Benefits Complaints

Received	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	51	44	48	53	55	71	55	64	46	89		
Stage 2	8	6	5	13	7	6	8	6	4	6		
Stage 3	2	2	2	3	2	1	5	3	5	2		
Ombudsman	0	0	0	0	1	0	1	1	0	0		
Total	61	52	55	69	65	78	69	74	55	97		
Response on Time	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	91%	97%	77%	96%	43%	52%	67%	59%	64%	66%		
Stage 2	100%	100%	88%	100%	33%	73%	83%	83%	100%	83%		
Stage 3	100%	N/A	50%	100%	50%	100%	100%	50%	100%	50%		
Ombudsman	N/A	N/A	N/A	100%	N/A	N/A	N/A	100%	100%	N/A		
Upheld	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	55%	53%	59%	45%	31%	57%	52%	40%	52%	56%		
Stage 2	71%	83%	63%	83%	67%	55%	50%	50%	43%	33%		
Stage 3	0%	N/A	25%	0%	25%	100%	0%	25%	0%	50%		
Ombudsman	N/A	N/A	N/A	100%	N/A	N/A	N/A	N/A	N/A	N/A		

Table 8**Council Tax Complaints**

Received	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	34	33	32	44	30	44	45	53	30	43		
Stage 2	8	9	11	10	7	10	8	12	9	11		
Stage 3	3	1	1	3	4	1	3	6	5	3		
Ombudsman	1	2	2	0	1	0	1	0	0	0		
Total	46	45	46	57	42	55	57	71	44	57		
Response on Time	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	96%	100%	97%	93%	93%	89%	92%	89%	94%	100%		
Stage 2	100%	100%	63%	58%	60%	67%	100%	100%	100%	100%		
Stage 3	50%	100%	67%	100%	100%	67%	33%	N/A	60%	40%		
Ombudsman	100%	100%	50%	0%	N/A	100%	N/A	100%	N/A	N/A		
Upheld	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Stage 1	24%	21%	16%	15%	24%	8%	16%	9%	28%	23%		
Stage 2	50%	20%	38%	46%	0%	38%	43%	11%	55%	22%		
Stage 3	0%	33%	0%	0%	0%	0%	0%	N/A	0%	60%		
Ombudsman	0%	100%	0%	0%	N/A	0%	N/A	N/A	N/A	N/A		

3.12 Update on Housing Benefit Performance

Age Profile of Work Outstanding

The table below shows all outstanding items of work awaiting action grouped against the month when the work item was originally received. The table compares the current position to 21 December 2005 – which was the position reported to Members of the Performance and Finance Select committee in January 2006.

Age profile of current work outstanding as at 06/03/06 (excluding pending (diary) items)

Number of work items outstanding at 6 March 2006

Month when work item was received	New claims	Cancellations	Change in circs	Appeal	Other	Total items of work	Comparison to 21/12/05
April 2005 or earlier	1	0	4	0	32	37	-50 (87)
May 2005	0	0	1	0	12	13	-26 (39)
June 2005	2	2	2	0	52	58	-201 (259)
July 2005	0	0	3	0	137	140	-400 (540)
Aug 2005	3	0	1	0	141	145	-464 (609)
Sept 2005	1	1	4	0	82	88	-436 (524)
Oct 2005	8	2	16	0	105	131	-871 (1002)
Nov 2005	18	10	50	1	242	321	-2022 (2343)
Dec 2005	35	7	318	1	419	780	-3608 (4388)
January 2006	44	11	1423	1	882	2361	+2361
February 2006	108	20	2091	0	1277	3496	+3496
March 2006	121	28	1008	14	710	1881	+1881
Total	341	81	4921	17	4091	9451	-340
Comparison on to 21/12/05	-137 (478)	No change (81)	-498 (5419)	-16 (33)	+311 (3780)	-340 (9791)	

The table shows that significant progress has been made in clearing older work and that the vast majority of outstanding current work was received between January to date. New applications awaiting action represent only 3.6% of all work outstanding which reflects the priority we have been giving these. Change in circumstances represent 52% but we believe that this figure is distorted by anomalies arising from the conversion of work items to the new system. Within the other work outstanding, the vast majority relates to outstanding verification framework items, which represent approximately 40% of all outstanding work. Again this figure has been distorted by conversion anomalies but these are being steadily eradicated.

In overall terms there has been both a reduction to the number of items of work outstanding and the age of work outstanding, which is very positive.

3.13 Comparison of all outstanding work to mid November 2005

At the previous committee Members had asked whether it was possible to provide a comparison of outstanding work , over a 12 month period, so that the overall direction of travel would be clearer to them. It would be difficult to provide this in a meaningful way because the new View 360 system counts each item of work in its own right whereas the previous viewstar system merged items of work for cases into one folder and only counted these once. The most meaningful comparison would therefore be from 14 November 2005 to date as this reflects the period from which View 360 has been live. The following table summarises the overall work position over this period.

All Outstanding work comparison

	14/11/2005	12/12/2005	09/01/2006	20/02/2006	06/03/2006
	Total	Total	Total	Total	Total
New apps	1666	1338	983	815	827
VF	2834	3540	3653	2517	2703
CIC	2719	5977	6839	6803	6503
Other	1279	1204	1555	2124	2333
Overall work	8498	12059	13030	12259	12366
This table includes pending items of work					

Outstanding work awaiting processing

	14/11/2005	12/12/2005	09/01/2006	20/02/2006	06/03/2006
	Total	Total	Total	Total	Total
New apps	823	397	236	211	224
VF	2559	2873	2861	1803	2094
CIC	2055	4839	5881	4592	4719
Other	1179	606	1164	1545	1723
Overall work	6616	8715	10142	8151	8760

Pending items of work

	14/11/2005	12/12/2005	09/01/2006	20/02/2006	06/03/2006
	Total	Total	Total	Total	Total
New apps	843	840	599	456	486
VF	275	636	588	608	609
CIC	664	879	771	1351	1582
Other	100	235	146	211	238
Overall work	1882	2590	2104	2626	2915

The 3 tables above show that although there has been an overall increase in the number of items of work outstanding, this is a reflection of the new way of counting work on View 360. There has now been a levelling out of work outstanding concurrent with the reduction to aged items of work and an increase in pending items (which is indicative of work items being actioned and requests for further information sent to customers.). It is still a little early to ascertain " typical " levels of outstanding work however we believe that the work queues are now stable and that broadly the above figures are representative of 10 days work or less.

3.13 Update on CPA

The DWP have recently proposed that benefits CPA scores for 2005/06 should be based on all 4 quarters performance for that year. We will provide Members with a full update on our self assessment at the next committee but are currently forecasting that we will at least maintain our 3 score. There are a few performance measures which represent snapshots in time and as such it is difficult to predict what our final score will be. Given the limited time now left in the scoring period and our continued need to prioritise new applications,

we know that it will be difficult to achieve a 4 score but we are doing all we can to work towards this.

The DWP have also proposed a number of changes to Performance Measures for 2006/07. Full details of these will be provided in the next report to Members but at this stage we would ask Members to note that the criteria to achieve a 3 or 4 score has again been tightened. The proposals set out a further reduction to new application processing times from 35 days to 29 days to achieve a 4 as well as a range of tougher tests for other areas of process management. We are carrying out a full analysis of these changes and will advise Members of the likely impact on service priorities, especially given our plans to implement the final module of the verification framework in 2006/07.

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.

8.0 Background Papers

9.0 Contact Officers

Margaret Read - Head of Revenues and Benefits

Paula Buckley - Head of Client

David Oates – Head of Benefits

DUNCAN McLEOD

Director of Finance and Corporate Resources