

Appendix 3

CAPITA LOCAL GOVERNMENT SERVICES

Council Tax Collection 2007/08

London Borough of Brent

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1. Introduction

During 2006/07 Council Tax collection saw a significant improvement of 0.61% on the previous year to 94.17%. This was 0.17% above the contractual target of 94%.

Although the contractual target remains at 94% for the forthcoming year, we are committed to further improving on the achievements of 2006/07 and this is reflected in the attached profile which shows our aspirational target for 2007/08.

The 2003/4 arrears achieved a collection of 94.95% in 2006/7, an increase of 0.51%, the 2004/5 arrears achieved 95.73% an increase of 0.81% within the year and the 2005/6 arrears achieved 95.21% an increase of 1.65%.

The pre-contract arrears total to 31st March 2007 was £5.44m exceeding the target of £4m by £1.44m. .

The focus for 2007/8 will be on identifying and implementing new initiatives for improving post contract arrears whilst undertaking to increase collection and continue to enforce actions that aid and support the long term and short term overall collection of outstanding debt.

2. Council Tax Action Plan 2007/8

The Council Tax Action Plan for 2007/8 is a combination of initiatives and service improvements which have already been made to the Contract and now form part of the standard processes, together with proposed improvements identified.

Recommendations made following a business process review, audit reviews, brainstorming sessions, strategy meetings, client/contractor meetings and the implementation of the new View 360 software have and will continue to be used as sources to identify new initiatives and strategies.

3. Monthly Collection Profile for 2007/8

From 1st April 2007 there has been a policy change reducing the number of instalments payable by Direct Debit from 12 to 10. This will have a significant impact on the expected profile for the receipt of payments.

The number and value of payments made in full at the being of the financial year has continued to reduce with only 5.38% of the collectable debt being paid in full payment in April 2007 against 7.80% in April 2006.

The attached profiles have been estimated using the current information held on the volumes of DD and Cash Payers in combination with the trends shown in payers over the last three years and the changes in the DD and full payments, as described in the previous paragraphs.

It is anticipated that the actual payments will be monitored on a weekly basis against the monthly profile and the profile reviewed on a monthly basis in the regular Client meetings.

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The table below shows the actual month on month collection between April 2003 and March 2007 and the proposed profiles of expected payments between April 2007 and March 2008.

	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2003/2004	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	13.77	22.01	29.90	37.42	44.79	52.66	60.15	67.59	74.92	81.53	87.30	93.41
2005/2006	14.11	22.60	30.51	37.70	45.21	52.91	60.44	68.07	75.46	82.31	87.78	93.56
2006/2007	13.51	21.85	29.52	37.05	44.46	52.09	59.68	67.39	74.67	82.05	88.01	94.17
Monthly %		8.34	7.67	7.53	7.41	7.63	7.59	7.71	7.28	7.38	5.96	6.16
Contractual Target 2007/2008	14.09	23.47	31.67	39.87	47.87	56.02	64.07	72.32	80.37	88.52	91.12	94.00
Aspiration 2007/2008	14.09	23.47	31.67	39.87	47.97	56.17	64.37	72.57	80.67	88.87	91.52	94.50
Monthly %		9.38	8.20	8.20	8.10	8.20	8.20	8.20	8.10	8.20	2.65	2.98

The table below shows the breakdown of the 2006/7 achievement of 94.17% based on the different payment methods and the forecasted breakdown for the 2007/8 aspirational target.

Payment Type	DD	SO	Cash	Bailiff (including direct payments)	Total
2006/07	46.89%	1.69%	43.55%	2.04%	94.17%
2007/8	47.75%	1.60%	43.15%	2%	94.50%

The table below shows the payments profiled on the annual bills produced in March 2007. These profiles will obviously change during the year when amendments to accounts are made and accounts move into the recovery cycle, losing the instalments.

Profiled Installments													
	Apr 07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Total
Cash	5.02	5.05	5.26	5.26	5.26	5.26	5.29	5.26	5.26	5.26	0.00	0.00	52.18
DD	4.38	4.63	4.69	4.69	4.69	4.69	4.70	4.69	4.69	4.69	0.00	0.00	46.53
SO	0.12	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.00	0.00	1.29
Total	9.52	9.81	10.08	10.08	10.08	10.08	10.12	10.08	10.08	10.08	0.00	0.00	100

At this stage these figures can only be used as an indicator. The Direct Debit percentage is expected to increase and the cash figure will reduce as accounts move on to pre and post bailiff stages. The reports for profiled payments will be continually run at the end of each month to use as a guideline ensuring that the proposed profile to achieve the aspirational figure of 94.50% is in line with payments on accounts.

4. Database Analysis and Cleansing

The continuation of database cleansing and analysis is now part of the general house keeping of the system and has advanced during 2006/7 to include:

- Ongoing Write off programme of aged and uncollectible debt
- Data mapping
- Data Mining
- New Inspection module
- Increased bailiff information on returned debts
- Increased RSL and Housing liaison
- Rolling review programme for all discounts and exemptions
- Monthly in active accounts reporting
- Flagging the end of 6 and 12 months tenancies for liability changes
- Identification of vulnerable persons

During 2007/8 these areas will be expanded to include land searches information, right to buy information and automatic production of new liability forms

The regular updating of LBB tenancy changes, Housing Association changes, reduction of correspondence levels and increased property inspection turnaround will continue through 2007/8 to ensure that information is recorded on the system speedily and new bills are sent at the earliest opportunity. This will also be aided by the daily production and posting of bills which will start in early May 2007.

The level of 'Gone Away' bills returned from the 2007/8 annual billing programme was 357 compared with 694 from the 2006/7 programme. This is a direct reflection of the 'cleaner' data held in Northgate and the housekeeping practice of actioning 'Gone Away' bills as soon as possible will continue through 2007/8. 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.

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

- Housekeeping exercise identifying 'Council Tax Payer' accounts
- Reconciliation of properties and payments quarterly with LBB housing to identify anomalies with the housing database in a timely manner.
- The issuing of notices in a variety of languages to increase the level of contact from the Council Tax payer and encourage accurate information.
- Regular reconciliation of the Valuation Officer list – To be completed after every VO update schedule has been loaded onto the system.
- Improved Inspections – the new modules makes it easier to identify properties with a discount/exemption which have not been visited
- Close monitoring of the empowerment of the Customer Services team to highlight any areas of concern in gaining the correct information, obtaining forwarding addresses, recording telephone numbers, closing accounts, issuing refunds, recording information on notebooks etc.
- Debits and Credits for the same account holder to be identified and credits transferred to offset debits.
- Part paid and no payments accounts identified by scripts and relevant action taken to ensure correct information is held or that the account is progressing through the recovery cycle as quickly as possible
- Monthly review of accounts with individual profiles e.g. vulnerable, repossessed, Exors accounts etc.

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5. Key Activities

During 2007/8 the recovery timetable will continue with a high volume of activities. The proposed plan has already been discussed at the Customer Service liaison meetings and agreement sort to saturate the level of reminders in April and May. This will allow all debtors to be included into the recovery cycle at the earliest opportunity and free up some of the recovery space during the rest of year for the late defaulters. This will be a key benefit for recovering from those taxpayers on short term lets where delays in the recovery process can significantly affect the ability to obtain payment.

A large focus will be on the court time, costs and laser signatures and to overcome some of the barriers with the court that have prevented us from acting to our optimum.

A number of activities around improving the liaison with Customer Services have been carried out during 2006/7 including team lunches and team presentations. These will continue through 2007/8 and will focus on educating Customer Service in recording accurate information and collecting the outstanding debt in a prompt and efficient manner.

In addition to the recovery programme there are a number of other campaigns and activities occurring during the forthcoming year;

Bankruptcies Since the introduction of the new bankruptcy campaign over 400 debtors with debts in excess of £2.1M have passed through the process. The focus will continue to be on home owners where we have assessed they have the assets to settle the arrears. The pre bankruptcy strategy of issuing bulk letters to returned bailiff cases will also continue as a high level of arrangements have proved forthcoming once a debtor is threatened with bankruptcy.

Charging Orders During the last year there has been 98 cases identified for possible charging orders with a combined debt in excess of £589K. Out of these cases 21 full charging orders have been issued and 2 force of sale orders agreed. Although the charging orders and force of sales have long time lines it does secure the debt for the Council. It is always hoped that the threat of the order will be enough to secure payment but during 2007 full charging orders and force of sales will continue to be used as a strategy of ensuring payment.

View 360 Project Initial phases of the project were completed during 2006/7 but there are a number of enhancements which will give significant service improvements which have been identified for 2007/8. These include; Northgate Integration, Email Fax and WebForms integration, importing of housing data, death lists, new development list, VO updates and BACS returns: trigger indicators for vulnerable, Councillors and HMO's, automatic importing of bailiff returns and production of Northgate letters: hot keys to housing, electoral role and planning: automatic requests for information/visits on 'gone aways' and CTAX payer accounts.

Northgate Cash Allocation New software introduced in Jan 2007 has enabled the issue that the software had in dealing with 'soft cash' to be addressed. All 'soft cash' is now hard allocated and therefore will result in the reduction of 'floating cash' held on the system. During 2007/8 individual accounts and the overall effect of this change will be monitored to ensure that it is reducing the number of errors caused by 'floating cash' and aiding the prediction of anticipated collection, especially with the year end credit rollover.

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Court Activity	Brent has continually been obstructed from the recovery of debts due to the current limitation on court time, administration and organisation. During 2007/8 all avenues will be used to increase volumes and administration of summonses, aid the committal process and reduce the turnaround times of recovery with laser signatures.
Ad Hoc Billing	In 2006/7 a review of the ad hoc billing processes has been undertaken and identified some changes which will support the improvements to the service delivery. These will be implemented in 2007/8 and include daily billing as opposed to twice weekly billing and daily posting as opposed to weekly posting. There are also plans to review the postal arrangements and change from 2 nd Class postage to 1 st Class
Bailiff Performance and Management	Towards the end of 2006/7 it was agreed to reduce the time that the bailiffs hold debts without securing any payment arrangements from 6 to 4 months. This will be monitored during 2007/8 and resources focused on debts held by the bailiff for an additional period of time for no apparent reason. It is also planned to identify potential benefit cases more easily and be more selective in cases issued to the bailiff
Write Off's	A programme of systematic bulk write off's has now been started and will continue through 2007/8. These will identify aged and uncollectible debts and will reduce the volumes of data currently held within the live database. This in turn will aid the data mining and mapping exercises being used to facilitate the recovery of arrears.
Publicity Campaigns	There are a number of publicity campaigns proposed for 2007/8 using various different media such as Internet, local press, posters, Brent Magazine, Mail shots and Viacom. Campaigns will include Direct Debit, bailiffs, car clamping, tracing of non payers and benefit take up. Some will focus on specific areas around commuter stations, Neasden, Kilburn, Queens Park, Willesden Green etc. to capture the high turnover of tenants in rented properties living near to local transport. .
Customer Services	<p>The monitoring of Customer Services in their duties relating to the empowerment matrix has continued with training needs being assessed and addressed. The day to day support has been reviewed and changes in rota's etc. made to compliment the service needs.</p> <p>During 2007/8 a number of initiatives will be employed to develop the services further these include additional training on awareness, scripting of calls and presentations on reviewed policies. Shadowing of call centre operatives will start in early 2007/8 to ensure their customer interaction supports this Action Plan and payments are requested at every opportunity. The focus will be on ensuring that Customer Services build their knowledge and skill base to support the increased collection of the Council Tax.</p>
Northgate V6	Northgate have recently released the next version of software, V6, which deals with the amalgamation of a number of screens onto one central screen. The new release is currently in the testing stage but it is envisaged that this will reduce the call resolution times as it reduces the need to navigate around the system when dealing with enquiries. The full impact of the changes will be tested, assessed and may be released to Customer Services and Council Tax before being fully implemented into Benefits.

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Off Shore Processing	A feasibility and costs study is currently underway to identify a number of back office Council Tax processes which could be delivered from a Capita off shore office. Should this prove viable then not only will it deliver a contract saving in financial terms but will allow some skilled resources to be freed up to concentrate on the tracing and collection of Council Tax arrears.
AIM (Cash Receipting)	Brent has signed up to implement a new cash receipting system, AIM. This will have a number of benefits in automating the receipt and allocation of payments to both the Northgate and Academy systems. The project is due to go live during the second quarter of 2007/8.
Refund Procedures	The current procedure for refunding overpayments involves a high level of human intervention and delays. A review is being underway to reduce the time lapses and automate the processes wherever possible. The aim is to maximise payments by BACS and reduce the time lapse in payments
Debt Recovery Policy	During 2006/7 the Debt Recovery Policy was reviewed and a new version implemented. The main change is on the focus of how the debt is collected. Any charge payer showing a willingness to pay but is in hardship is assessed and offered an arrangement which clears the in year debt within the current year but gives a more manageable payment plan on any arrears. Factors used include the number of payments, type of debt, ability to pay, previous history, level of debt, age of debt etc. During 2007/8 the effects of the changes will be monitored and any further revisions to the policy made. We will also be aiming to increase the numbers of attachments of earning and deductions from benefits
CTB Take Up	In 2006/7 there was a very successful benefit take up campaign focused at Pensioners who received Pension credits. This was achieved mainly through data matching claimants with information from the DWP. In 2007/8 take up campaigns will continue to seek to identify groups of Council Tax payers who are on low incomes but not taking advantage of their CTB entitlement i.e. Families on high value Family Tax credits.
Vulnerable	Work will continue in identifying Council Tax payers who have been categorised as 'vulnerable' by other departments i.e. Social Services, Benefits, DWP etc. Through data matching accounts can be selected for monitoring on specific payment profiles with recovery suppressed, where necessary
Complaints	Regular meetings focused on reviewing the complaints procedures and analysing the type of complaints will continue in 2007/8. Improvements are already showing but through greater analysis of the route cause of complaints it is envisaged that the level of complaints will continue to reduce. Areas of concentration will include reducing the numbers of complaints escalated to further stages and ensuring that one comprehensive reply is given to each complainant, even if it involves areas relating to multi departments
Stakeholder Liaison	Verbal, written and computer generated communication will be increased during 2007/8 to enhance the transfer of timely information between stake holders which include: Advice Agencies, major Landlords and Social Welfare groups

6. Suppressed Accounts

During 2006/7 an issue with the level of suppressions actioned on accounts where an outstanding action had been flagged, was identified. Further analysis identified a high volume of accounts where the type of action involved would not directly affect any recovery action and in some cases just delayed recovery, reducing the time available to collect the debt within the financial year. The automatic suppressions list has now been refined and is being reviewed on a quarterly basis. All manual suppressions are under regular review and there are no current issues. Reports are run monthly and any accounts with suppression over 28 days and 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 2007/8, including direct payments, was 2.04% of the collectable debt. This was 0.04% above the target of 2.00%. These figures alone show a slight improvement but in reality there has been a significant increase as less of the collectable debt has been passed on and held for bailiff collection.

At the end of April 2006 there were 13,033 live cases with the bailiff equating to £7.63m. At the end of April 2007 this had reduced to 8,418 cases equating to £4.89m showing that not only is there a reduction in the level of debt being sent but also non collectable debts are being returned on a timely basis for further internal action. The reduction in the time that the bailiff 'holds onto' a debt has been reduced from six to four months and is being reviewed on a monthly basis.

It is anticipated that the levels of referrals will continue to decrease during 2007/8 due to the expected increase in payments at bill, reminder, final and summons stages and the introduction of the new Debt Recovery Policy. However, the Equita target will still be set at 2% of the collectable debt as further improvements in the quality of referrals should continue to support an improvement in the overall service.

The filtering out of debts where other methods of recovery have proved successful in the past will continue. 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. Filtering will also be used on accounts where bailiff action has not proved successful in the past and duplication of the action is deemed to be unproductive to both bailiffs and the Council.

In 2006/7 there were some issues around the information sent to the bailiff team when there were either changes to the debt or the case was requested to be returned. In 2007/8 a form which is currently being tested will be implemented to ensure that all the relevant information is given, first time and that the number of rejected referrals is significantly reduced.

During 2006/7 a number of Saturday blitz's were made and had a varying degree of success. In 2007/8 there will be a trial on evening blitz's and Sunday calling.

Bailiffs will also explore the possibility of blitzing the borough with an increased number of bailiffs on a variety of specified days. This will be used in line with some of the publicity campaigns to have the maximum impact.

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8. Arrears

The focus on arrears in 2007/8 will be on post contract years of 2003/4, 2004/5 and 2005/6. Additional resources will be freed up by the implementation of the off shore project and used to enforce some of the ongoing strategies and develop some of the new initiatives.

The ongoing strategies include;

- Identifying and reviewing the top 100 debts on a monthly basis (Including combined debts)
- Increasing Bankruptcies/Charging Orders
- Monitoring of Summar's, AOE and AOIS
- Filtering of debts sent to Bailiffs
- Regular monitoring of the 'ON Hold' cases
- 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)
- Increase Housing Association Liaison (forwarding addresses etc.)
- Identify large Landlords (benefit payments)
- Support all Summar arrangements with employment details
- Run regular benefit reports to identify accounts with HB but no CTB
- Search Benefits database for Employment details or NI numbers
- Car details on the parking database
- Means enquiry forms sent at summons stage
- Increased internal visits from dedicated recovery officer
- Data mining to identify pockets of debt
- Clearing of the database via write offs
- Increase Customer Service awareness of arrears collection strategy
- Revision of payments accepted once recovery notices are issues
- Increased court time and improved administration
- Identify and link credit accounts
- Notify Brent employees of their obligations via pay advices

Some of the new initiatives to be implemented during 2007/8 are:

- Identification of accounts for AOIS, in bulk
- New data mining reports highlighting the pockets of debts and focusing resources
- Introduction of 'Mosaic' used to identify debt and focus campaigns
- Use of LOCTA to support the tracing of unpaid debts
- New Summons inserts to include additional information and save on court time
- Increased AOE using data matching
- Review of accounts that do not fall into the new Debt Recovery Policy
- Automation of SUMMAR reminders
- Identification, in bulk, of returned bailiff accounts where benefit is now applicable
- Review of Pre Bankruptcy notice and increase volumes
- Enforce eviction on Force of Sale notices
- Increase Customer Services awareness of debt collection and support any training programmes
- Increase the use of mail merge letters on bulk recovery, focusing on small debts
- Identify accounts where current year is on DD but no arrangement for arrears
- Data matching with payroll records to identify arrears cases and take the relevant action

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9. Conclusion

The March 2007 Collection of 94.17% is the highest recorded and shows an improvement of 4.35% since 2003, the start of the Capita contract.

Capita will continue to work diligently to identify new initiatives, processes, collection strategies and recovery actions which will help build on the foundations that have been laid over the last 4 years and continue in increasing the Council Tax Collection.