



Performance and Finance Select Committee

14th April 2010

Report from the Director of Finance and Corporate Resources

For Information

Wards Affected: ALL

Revenues Performance

1.0 Summary

- 1.1 This report outlines performance in relation to Revenues collection (Council Tax and NNDR) collection for the financial year 2009-10.
- 1.2 Council Tax performance is shown as at 31st March 2010 for the 2009-10 year.
- 1.3 NNDR performance is shown as at 26th March 2010 for the 2009-10 year.

2.0 Recommendations

- 2.1 Members are asked to note collection levels for Council Tax and NNDR in 2009-10.
- 2.2 Members are asked to note progress on the tender of Revenues contract

3.0 Council Tax Collection

3.1 2009-10 Collection

- 3.1.1 Council Tax in year collection reached 94.96% at the end of 2009-10 and exceeded collection for 2008-09 by 0.29%. This is the highest ever level of Council Tax collected in Brent and continues the year on year improvements achieved since 2003.
- 3.1.2 Details of the performance across all London Boroughs and nationally, is not yet available and thus it is not possible to say how Brent's performance compares across other London Authorities. At the time of writing 23 of the 33 London authorities had shared collection details for the end of February 2010. As a whole across those Authorities' collection remained very similar to last year's levels with an average

increase of 0.04%. Full details of national and London league tables will be shared with Members once available.

3.1.3 Table 1 below contains details of the monthly collection for 2009-10 in comparison to 2008-09 collection excluding summons costs collected.

Table 1 – 2009-10 collection

Contractual Target 94.00%

Non contractual target 94.80%

2009/2010 Target (Less Costs)	15.14	24.26	32.64	41.29	49.39	58.25	66.79	74.97	83.36	90.78	92.72	94.80
Month on month %		9.12	8.38	8.65	8.10	8.86	8.54	8.18	8.39	7.42	1.94	2.08
2009/2010 Actual	15.45	23.91	32.73	41.23	49.41	57.80	66.61	75.18	83.58	91.13	93.01	94.96

Variance on last year	0.31	-0.35	0.09	-0.06	0.03	-0.42	-0.13	0.27	0.29	0.43	0.38	0.29
Variance on target	0.31	-0.35	0.09	-0.06	0.02	-0.45	-0.18	0.21	0.22	0.35	0.29	0.16
Month on Month %		8.46	8.82	8.50	8.18	8.39	8.81	8.57	8.40	7.55	1.88	1.95

3.2 Council Tax Arrears Collection

3.2.1 As previously reported to Committee, arrears collection has remained an issue throughout the year. As such arrears targets were not achieved for any of the years from 2003 to 2008.

3.2.2 Table 1 outlines the percentage and monetary value of the shortfall for each year.

Table 1: Arrears collection at 31st March 2009

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Target	96.25	96.75	97.00	97.25	97.25	97.5
Collection	96.11	96.69	96.8	96.63	96.56	95.56
Shortfall %	0.14%	0.06%	0.20%	0.62%	0.69%	1.94%
Shortfall £	£142,932	£58,335.55	£185,089.29	£541,642.65	£577,029.55	£1,519,092.23

3.2.3 Details of initiatives that are underway to improve arrears collection, including the implementation of the recovery policy and the handling of telephone contact from those who are in arrears are outlined in section four.

3.2.4 2008-09 year

The collection target for the 2008-09 year is 96.25%. At 31st March 2010 collection for this year was 96.11%, leaving 0.14% or £143k to reach target. During the period April 2009 to March 2010 1.4% or £1.4m was collected for arrears in this year.

3.2.5 2007-08 year

Collection for 2007-08 was better than that for other years. However, the collection target of 96.75% for the 2007-08 year was not achieved. At the 31st March 2010 collection for this year was 96.69%, leaving a shortfall of 0.06% or £58k. During the period April 2009 to March 2010 0.44% was collected for arrears in this year, this equated to £426k.

3.2.6 2006-07 year

At the end of March 2010 a collection rate of 96.8% was achieved leaving 0.2% or £185k outstanding to achieve the target of 97%. During the period April 2009 to March 2010 0.22% or £200k was collected for arrears in this year.

3.2.7 2005-06 year

The end of year target for 2005-06 is 97.25%. At 31st March 2010, the collection rate was 96.63%, this leaves 0.62% or £542k to be collected to achieve the target. During the period April 2009 to March 2010 0.16% or £138k was collected for arrears in this year.

3.2.8 2004-05 year

The target for this year is 97.25% with 96.56% collected at 31st March 2010. This leaves 0.69% to be collected to achieve target, equating to £577k. During the period April 2009 to March 2010 0.12% or £101k was collected for arrears in this year.

3.2.9 2003-04 year

The target for this year is 97.5% with 95.56% collected at 31st March 2010. This leaves 1.94% or £1.5m to be collected to achieve target. During the period April 2009 to March 2010 0.08% or £62k was collected for arrears in this year.

3.2.10 Pre contract arrears (1993 to 2003)

Collection for pre contact arrears at the end of March for debts relating to arrears from 1993 to 2003-04 was £129k compared to £187k for the same period in the 2008-09 year. This debt is becoming increasingly difficult to collect as the age of the debt increases.

4.0 Improvement Strategies and arrangements for customer contact

4.1 A number of initiatives were undertaken during 2009-10 to improve collection performance, these will continue to be built on during 2010-11.

4.1.1 Firstly it should be noted that claims for Council Tax benefit have increased. Between 31st March 2009 and the end of February 2010 the number of residents in receipt of Council Tax benefit has increased by 11% from 30,193 to 33,437. A total of £32.2m has been awarded in Council Tax Benefit for the year, in comparison to £28.6m at the same

time last year for the 2008/09 year, which represents an increase of £3.6m.

- 4.1.2 This increase can be linked to a number of factors including the current economic climate, changes in legislation which meant that child benefit was no longer treated as an income and changes to the treatment of capital for pensioners when claiming Council tax Benefit.
- 4.1.3 Alongside these legislative changes there have also been changes in the working arrangements for the assessment of Housing and Council Tax benefits, which have improved the speed and responsiveness of the Benefits service to customers. In essence, claims are now assessed during face to face interviews with customers, ensuring that decisions are made promptly and customers understand how their entitlement has been decided. The new arrangements have resulted in a joint restructure of the Benefits and OSS services and relocation of Benefit assessment officers into customer facing roles. The average time for processing new claims & change events 2008/09 was 18.35 days. Currently for 2009/10 this is at 18.13 days, but under the revised working methods for February 2010 the average time reduced to 9.61 days for new claims and 10 days for changes in circumstances.
- 4.1.4 The number of Council Tax payers on DD has increased from 38,602 at the end of December 2008 to 40,063 at the end of December 2009. Direct debit is the most effective payment method for the Council, with 99% of these customers paying by the instalment date and not receiving a reminder or other recovery notice.
- 4.1.5 At the September 2009 committee Members were also updated on the continuation of a pilot exercise involving revised arrangements for customers who have council tax arrears. During this pilot, customers with arrears are able to speak directly to a Capita recovery officer who will be able to clarify any questions about the arrears and negotiate affordable payment arrangements with the customer that allows the debt to be gradually repaid.
- 4.1.6 This pilot has allowed us to support customers during the current economic climate, by ensuring more work is being done to provide extended payment arrangements for those who are experiencing financial difficulty. A total of 863 customers have made arrangements to pay the debt and of those 77% have either paid in full or continue to adhere to the arrangement given.
- 4.1.7 When dealing with the call the Capita recovery officer reviews the customer's circumstances and seeks to come to a suitable arrangement that will enable them to gradually reduce their arrears and maintain adherence to arrangements for repayment. Once agreed these arrangements continue to be monitored by the recovery team. This will allow more in-depth analysis of the type of call that is best handled by a specialist recovery officer, to help inform decisions about longer term working arrangements for arrears cases.
- 4.1.8 Alongside the recovery pilot, a lean systems review of overall Council Tax arrangements was carried out between November 09 and February 2010. The Lean Systems review is a methodology that gathers evidence on the service's performance from a customer

perspective, including how existing working arrangements support customer's requirements. The review uses extensive evidence of current customer contacts to identify ways in which the service could be improved and utilises this evidence to pilot new ways of working, to better meet customers' needs. The lean systems review has highlighted the need to ensure that customers have direct contact with collection and recovery officers, in order to optimise every customer contact to support collection. The first stage of the review has also identified the potential to improve both the accuracy and speed with which new and amended bills are produced, by ensuring that the customer's full circumstances are captured before initial bills are sent. The outcomes of the review will be taken into account in the specification of the new Council Tax contract which is due to begin in May 2011. The scope for the new contract will thus include responsibility for customer contacts with the full detail of this being determined by the end of April 2010 Council Tax service delivery.

4.2 Other action to improve collection

- 4.2.1 During 2009-10 action was targeted at landlords who own a number of properties in the borough for which council tax has not been paid will over the next year. This will continue in 2010-11.
- 4.2.2 Throughout 2010-11 we will continue to seek ways in which to address issues that prevent better arrears collection. This will include continuing with robust action for those who show wilful refusal to pay, such as bankruptcy and charging orders on their properties.

5.0 Discounts and Exemption Review

- 5.1 An initiative carried out by the Audit commission for all boroughs during 2009-10 highlighted 3,655 cases where those in receipt of a single person discount may not be entitled. These cases were identified by matching the Council Tax database and the Electoral list and identifying cases where discrepancies appeared to exist. Apart from 222, all of these cases have now either been visited or sent letters to clarify whether the discount is still valid or needs to be removed. This has so far resulted in 505 accounts having had their single persons discount removed and created additional Council Tax charges of £415,000. This will increase further as f cases under investigation are concluded, including those for which a letters response has not been received.

6.0 NNDR (Business Rates) Update

6.1 2009-10 Collection

- 6.1.1 At the 26th March 2010 in year collection was 97.71%. The projected end of March figure is 97.8% compared to 97.95% at the same time last year. The contractual target for 2009-10 is 98.5%.
- 6.1.2 Table 3 below shows details of the monthly collection in comparison to previous years. When comparing collection for 2009-10 to 2008-09 it should be noted that amendments to the legislation for long term empty

properties to allow relief for properties with a rateable value less than £50,000 and the early award of discretionary relief in 2009-10 has positively impacted on the collection at the beginning of the year.

Table 3: NNDR for 2009-10 in comparison to previous year

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
2008/09	9.27	18.9	28.74	38.71	47.55	56.95	67.22	75.6	85.37	94.1	93.57	97.95
2009/10 Target	9.27	18.9	28.74	38.71	47.55	56.95	67.22	75.60	85.37	94.10	93.57	98.50
Actual	10.39	19.9	29.65	39.26	48.05	58.21	67.54	75.65	85.42	93.95	95.53	
Variance on last year	1.12	1	0.91	0.55	0.50	1.26	0.32	0.05	0.05	-0.15	1.96	
Month on month %	10.39	9.63	9.84	9.97	8.84	9.40	10.27	8.38	9.77	8.73	1.58	

6.1.3 At the end of February 2010 benchmarking was undertaken for NNDR collection. Twenty of the 33 London Boroughs shared information and the average decrease in collection across those Authorities when compared to the same point in time in 2009, was 0.36%

6.2 NNDR Changes

6.2.1 2010 Revaluation

The revaluation of NNDR properties came into effect on 1 April 2010. The new rateable values were based on market rental values at 1 April 2008 and will remain effective for five years.

6.2.2 Payment Deferral Scheme

Letters were sent to all NNDR customers in the second week of August offering the opportunity to defer sixty per cent of the increase in their 2009-10 bills. At the end of March 408 NNDR payers had availed of this opportunity, the total value of deferred payments was £306,519.

6.2.3 Business Rates Supplements (BRS) for Crossrail

In order to pay for Crossrail the Mayor has introduced a levy of 2p on all non-domestic properties in London with a rateable value of £55,000 or more from April 2010. A total of 827 properties in Brent will be subject to this levy.

6.2.4 Small Business Rate Relief

The Government has introduced a temporary increase in the level of Small Business Rate Relief (SBRR) available to eligible businesses. These changes will come into effect in October 2010.

At the end of March 2010 there were 1,919 accounts in receipt of SBRR and for 2010/11 3,043 could potentially apply. However, this is purely based on the Rateable Value being less than £25,500 and the account status is occupied. Some of these ratepayers will be in possession of more than one property and will not be eligible for the relief but it is not possible to accurately ascertain how many fall into this category.

Eligible ratepayers will pay no rates on properties with rateable values up to £6,000, with a tapered relief between 100% and 0% for properties with rateable values between £6,001 and £12,000. The new levels of relief will be available for 12 months from 1 October 2010 to 30 September 2011.

For those who already claim SBRR they will automatically get the increase in the SBRR.

7.0 Contract Expiry

7.1 The current Revenues and IT contract will expire in April 2011; as a result the tender process has commenced with a target date for contract award by December 2009. The OJEU notice has been published and Pre-qualification Questionnaires have been issued to potential bidders with a deadline for submission to the council of 6th April 2010.

8.0 Legal Implications

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

9.0 Diversity Implications

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

10.0 Staffing/Accommodation Implications (if appropriate)

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

11.0 Background Papers

12.0 Contact Officers

12.1 Margaret Read - Head of Revenues and Benefits
Paula Buckley - Head of Client

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