



Performance and Finance Select Committee

8th September 2009

Report from the Director of Finance and Corporate Resources

For Information

Wards Affected:
ALL

Report Title: Revenues Performance

1.0 Summary

- 1.1 This report outlines performance in relation to Revenues collection (Council Tax and NNDR) collection for the financial years 2008-09 and 2009-10.
- 1.2 Performance is shown as at 31st July 2009 for the 2009-10 year. End of year performance for 2008/09 is also included.

2.0 Recommendations

- 2.1 Members are asked to note collection levels for both Council Tax and NNDR in 2008-09.
- 2.2 Members are asked to note current collection levels for both Council Tax and NNDR in year liabilities for 2009-10

3.0 Council Tax Collection

3.1 2008-09 Collection

- 3.1.1 Council Tax in year collection reached 94.7% at the end of 2008-09 and exceeded collection for 2007-08 by 0.1%. This small improvement in collection saw Brent move up one place in the league tables for collection across London authorities from 24 to 23. On average across all the London authorities' collection remained as last year's levels with 13 authorities seeing a reduction in the percentage of council tax collected for in year debt in 2008-09.
- 3.1.2 Arrears collection was not as positive, targets for arrears collection for the years 2003-04 to 2007-08 were not achieved in 2008-09. Table 1 outlines the percentage and monetary value of the shortfall for each year.

Table 1: Arrears collection at 31st March 2009

	2007-08	2006-07	2005-06	2004-05	2003-04
Target	96.5	96.75	97	97.25	97.25
Shortfall %	0.24%	0.17%	0.53%	0.81%	1.77%
Shortfall £	-£ 239,398	-£ 155,875	-£ 462,067	-£ 677,365	-£ 1,385,850

3.1.3 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 4.2.

3.2 2009-10 Collection

3.2.1 Council Tax in year collection exceeded monthly profile targets by 0.09% at the end of June, however collection fell 0.06% behind the profile target of 41.29% (at 41.26%) at the end of July 2009. Indications at the time of writing are that the August profile target will not be met.

3.2.2 When comparing end of year performance to 2008-09, 94.7% had been achieved by 31st March 2009. This was against a contractual target of 93.75%. Given that 2008-09 performance exceeded contractual targets, Capita have agreed a non contractual target of 94.8% for 2009-10 (contractual target is 94%), to maintain continued improvement to in year collection rates.

3.2.3 Table 2 below contains details of the monthly collection for 2009-10 in comparison to 2008-09 collection excluding summons costs collected.

3.2.4 Table 2 – In year collection

% Collection Cumulative

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2007/8 Actual (less Costs Paid)	15.14	24.23	32.54	41.11	49.08	57.84	66.30	74.39	82.72	90.05	91.91	93.92
2008/9 Actual (less costs paid)	15.14	24.26	32.64	41.29	49.38	58.22	66.74	74.91	83.29	90.70	92.63	94.70

Month on month %	0.00	9.12	8.38	8.65	8.09	8.84	8.52	8.17	8.38	7.41	1.93	2.07
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Contractual Target 94.00%

2009/2010 Target (Less Cost)	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								

Variance on last year	0.31	-0.35	0.09	-0.06								
Variance on target	0.31	-0.35	0.09	-0.06								
Month on Month %		8.46	8.82	8.50								

3.2.5 Capita are taking a range of actions to help increase in year collection and achieve the target of 94.8%. These include telephoning customers to obtain

payment, increasing bailiff presence in Brent and direct liaison with landlords or agents who have debts for multiple properties.

3.2.6 Linked to the current economic climate claims for Council Tax benefit have increased. Between 31st January 2009 and 31st March 2009 the number of residents in receipt of Council Tax benefit has increased by 406, and between 31st March and 26th August 2009 the number of residents in receipt of Council Tax benefit has increased by a further 1,175. The total increase between January and August is 1,581. A total of £31m has been awarded in Council Tax Benefit in the year to date, in comparison to £28m at the same time last year.

3.2.7 The current economic climate appears to be impacting on Council tax collection; this can be seen when comparing average collection across London boroughs. There was no increase in the average collection rate when comparing 2008-09 and 2007-08. By comparison between 2007-08 and 2006-07 the average rate increased by 0.5%. All years between 2003 and 2006 showed an increase in average collection across London boroughs.

3.3 Council Tax Arrears Collection

3.3.1 As previously reported to Committee, arrears collection has remained an issue throughout the year, and current forecasts indicate that arrears targets will not be achieved for any of the years from 2003 to 2008.

3.3.2 2008-09 year

The collection target for the 2008-09 year is 96.25%. At 31st July 2009 collection for this year was 95.53%, leaving 0.72% or £736k to collect by the end of March 2010. Average monthly collection across May, June and July was 0.13%, should this level be maintained for the remaining 8 months the collection target of 96.25% will be achieved

3.3.3 2007-08 year

The collection target of 96.75% for the 2007-08 year may not be achieved. At the 31st July 2009 collection for this year was 96.47%, leaving 0.28% or £312k to collect by the end of March 2010. Average monthly collection for this year between May and July was 0.06%, should collection rates continue at this level the target of 96.75% will be achieved. It should be noted that collection in July was higher than average and this is likely to have inflated the projected figure.

3.3.4 2006-07 year

The end of year target is 97% a collection rate of 96.66% had been achieved at the 31st July 2009 leaving 0.34% to be collected by the end of March 2010. Forecast collection to the end of the year is 96.8%.

3.3.5 2005-06 year

The end of year target for 2005-06 is 97.25%. At 31st July 2009, the collection rate was 96.52%, this leaves 0.73% or £636k to be collected to achieve the target. Forecast collection to the end of the year is 96.6%.

3.3.6 2004-05 year

The target for this year is 97.25% with 96.49% collected at 31st July 2009. This leaves 0.76% to be collected to achieve target, forecast collection is 96.6%. During the period April 2008 to March 2009 0.21% was collected for arrears in this year.

3.3.7 2003-04 year

The target for this year is 97.5% with 95.51% collected at 31st July 2009. This leaves 1.99% to be collected to achieve target, forecast collection is 95.6%. During the period April 2008 to March 2009 0.18% was collected for arrears in this year.

3.3.8 Pre contract arrears (1993 to 2003)

Collection for pre contact arrears at the end of July for debts relating to arrears from 1993 to 2003-04 was £47k compared to £29k for the same period in the 2008-09 year. The value of arrears outstanding for these years is £16m however it is becoming increasingly difficult to collect as the age of the debt increases.

4.0 Strategies for improvement

4.1 During 2009-10 we will continue to seek to improve collection performance and will build on some of the areas that have begun in 2008-09.

4.2 Review of arrangements for customer contact

In order to support customers during the current economic climate more work is being done to provide extended payment arrangements for those who are experiencing financial difficulty. This has proved to be successful with 625 customers given the opportunity to speak to Capita recovery officers to discuss extended arrangements on debt with a total value of £956k since Nov 2008. A total of 558 customers made arrangements to pay the debt and of those 73% have either paid in full or continue to adhere to the arrangement given.

4.2.1 The success of the pilot outlined above has lead to the review of arrangements for customer contact. Currently all telephone contact is via the OSS contact centre. As part of the pilot those with arrears are transferred to Capita staff after speaking to an officer in the OSS contact centre.

- 4.2.2 In order to improve the service to customers by reducing the number of people that they need to speak to and ensuring that a mutually satisfactory payment arrangement can be reached it is proposed that Capita recovery officers respond directly to calls for those with arrears.
- 4.2.3 When dealing with the call the Capita recovery officer will review the customer's circumstances and seek 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 will continue to be monitored by the recovery team. This should allow more in-depth analysis of the type of call that is best handled by a specialist recovery officer in order to deliver the best results in terms of improving the service to customers and successfully obtaining the council tax owed.
- 4.2.4 The benefits service along with the OSS is currently undertaking a Lean Systems review which is likely to make some recommendations for changes in service delivery that will also impact on council tax, the outcome of this review will continue to be monitored so that any lessons or recommendations that can be shared are maximised. The Lean Systems review is a methodology that gathers evidence on the service's performance from a customer perspective, including how working arrangements support the customer's requirements. At the time of writing the 6 week evidence gathering period has been concluded across the OSS and the Benefits service. This evidence will be used to undertake a pilot that will make recommendations for service redesign, from a customer perspective, which should also result in more streamlined working practices.

4.3 Other action to improve collection

- 4.3.1 Throughout 2009-10 we will continue 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.
- 4.3.2 Action will continue to be 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. A number of landlords have been visited by council tax officers and where no arrangements can be made to clear the debt they are subsequently targeted for bankruptcy or charging orders. The largest outstanding debt with a single landlord is £53,000; another example is a landlord who owed us £75,000, has paid £26,000 within the last 2 months and is paying this year debt on time, reducing the outstanding balance to £49,000.

5.0 Discounts and Exemption Review

- 5.1 A recent initiative carried out by the Audit commission for all boroughs which matched the Council Tax database and the Electoral list highlighted a number of cases where those in receipt of a single person discount may not be entitled. Of those 20 have received visits from the Audit and Investigation team and 50 have been written to. To date 5 discounts have been removed

6.3 **Forthcoming changes**

6.3.1 2010 Revaluation

The next revaluation of NNDR properties is due to come into effect on 1 April 2010. The new rateable values will be based on market rental values at 1 April 2008; they will remain effective for five years. The VOA will publish online the new rateable values on 30 September 2009. This will allow businesses to check that the valuation of their property is correct before it comes into effect. They will also send details of the new valuations to the majority of ratepayers during October.

6.3.2 Payment Deferral Scheme

Letters went 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 time of writing it is not possible to establish if there will be interest in this opportunity as responses have not yet been received.

6.3.3 Business Rates Supplements (BRS) for Crossrail

In order to pay for Crossrail the Mayor is proposing to introduce a levy of 2p on non-domestic properties with a rateable value of £50,000 or more in London from April 2010. The GLA is expected to contribute around £4.1bn of its agreed contribution to the £15.9 billion Crossrail project using income generated from a new business rates supplement (BRS). A letter has been sent to 1,287 businesses with a rateable value greater than £30,000 inviting them to respond to the consultation by 22nd October 2009. This limit has been chosen as some businesses will see an increase in their rateable value following the 2010 revaluation. Each Member of the Council has been sent "*The Crossrail Business Rate Supplement*" booklet produced by the GLA for information.

7.0 **Contract Review**

7.1 The current Revenues and IT contract will expire in April 2011; as a result a review of the current contract and future requirements has begun. A full options appraisal for the future provision of Revenue and IT services is currently underway with a target for completion by November 2009. The review includes market analysis to establish whether any retender of the contract would be competitive enough to secure value for money.

7.2 Meetings have taken place with 6 contractors to establish the extent of competition in the market place and potential interest in a Brent contract, particularly as Lambeth and Southwark are likely to be going to market in 2010 also. The companies we have met with are Capita, Liberata, Vertex and Mouchel, Avato and Fujitsu. Key points from the meetings so far have been contract scope and duration, with those met indicating if these were correct they would be interested in bidding for any future contract.

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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