

# **Wiltshire Council Income Management Strategy**



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# Document Control

## Revision History

Version	Summary of Changes	Status	Date published
1	Initial Draft for comment	Draft	29/07/15
2	Updated draft	Draft	05/08/15
3	Updated draft – I P Brown	Draft	26/05/16
4	Updated draft I P Brown (following comments from Neil and Michael)	Draft	06/06/16
5	Updated following discussion with Matthew (x2) and Andi Foster	Draft	20/06/16
6	Updated following discussions with Cllr Dick Tonge	Draft	15/07/2016
7	Updated following circulation to ADs	Final	15/08/2016

## Foreword

Wiltshire Council currently collects over £500 million each year through local taxes and from the provision of a range of services. In doing so we are mindful of a number of factors, in particular how we balance our ability to generate income and costs whilst ensuring we protect the most vulnerable in our communities from debt. As such this is Wiltshire Council's first overarching Income Strategy that applies across the entire Council recognising that if we do not charge a fair price for our services there is a risk we will have to cut them; and whilst the services we provide may be diverse, the payees are very often the same people.

As local authorities continue to face cuts in government funding and growth in demand for Adult Care and Children's Services to maintain key services we need to focus on raising and collecting income from our residents, businesses and visitors efficiently and to ensure the financial sustainability of our excellent service delivery. In doing so we need to be commercial in our approach and use both technology and data to make more informed decisions.

However, that commerciality cannot draw us away to focus solely on charging costs in every case, we have a duty to the residents of Wiltshire to ensure we protect the most vulnerable. This has never been more important as we see a national change in Welfare Reform which will leave many of our residents with less income; and an increasing risk of health problems leading to increases in demand for our services.

I feel this approach is unique in local government and forms a true bond with our communities, as well as promoting greater understanding and transparency of why we charge and ensuring that it is easier to pay.

Councillor Dick Tonge  
Cabinet Member, Finance

# Executive Summary

To support the Council's business we must:

**“Ensure the Council's future viability by maximising the level of income it can collect, ensuring that collection is efficient whilst protecting the most vulnerable in our communities.”**

This is true whether we are collecting rent, council tax or charges for leisure services, bulky waste and a multitude of other services.

**In order to achieve our ambition we will follow a set of Principles below:**

- Commercial and joined-up in our decision making and methods by which payments are invoiced and processed
- Transparent in our charges, ensuring clear, consistent and simple language on bills and invoices
- Appropriate and modern in terms of the choices of payment method available
- Capable of deploying all means available to recover income due in a fair and reasonable way whilst protecting the most vulnerable in our communities
- Open in receiving feedback from users of our service around how we continue to improve and what we charge.

This strategy thus supports the Council's Business plan and is a key strategy which also underpins a number of other strategies already in place such as Housing, Care, and IT strategies and the council's financial regulations. It will be continually reviewed and has a number of policies and procedures to support it, such as policies on concessions and debt write off. There is a high level action plan for each objective and a number of measures set out in this Strategy to judge our success.

## 1. Introduction and context

Wiltshire Council currently handles nearly two million income transactions per year and collects over £500 million from those transactions. Wiltshire Council is responsible for the billing, collection and redistribution of over £400m in respect of council tax and non-domestic rates alone. The range of charges and income is diverse as are the billing methods deployed. Most payments are straight forward and can be made across a variety of channels, utilising highly efficient collection methods and processing tools. However even in the most straight forward cases, charges can become contentious and can take months or years to resolve. In these cases, as well as the costs of processing payments in terms of both banking charges the debt incurs administrative costs which are often hidden from the departments who deliver the service. Further costs and duplication of effort are incurred where payment is disputed, especially when the dispute focuses on the contractual issues or a lack of evidence to support the charge.

The purpose of this strategy is to provide a framework which reinforces the concept of transparent and agreed service charges so that the customer knows what to expect and is in no doubt about what they have to pay. The strategy consolidates income into three broad categories. The strategy aims to

- identify best practice and standardise processes,
- encourage the use of appropriate technology,

- put in place policies and frameworks and hone methods of collecting money using the most appropriate and efficient means.

Not every payment method suits every income source; different income types have different methods of recovery so rather than list every income type they have been consolidated into three broad categories, below.

The strategy will ensure that as new income streams are considered and existing income streams are reviewed the opportunity is taken to consider whether billing and collection process can be improved or modernised to achieve the council's aims whilst minimising any barrier to the customer; as we gather information about the customer, consider how we can share that information to ensure that the customer is treated consistently across the organisation and where debts arise, tackle them corporately.

### **The three income categories**

Whilst it is not possible to have one standard approach for the collection and recovery of all types of debt as each type is the subject of a separate income, debt management and write-off policy it is possible to standardise the approach within three broad income types, set out below.

**1 - Statutory Income** like council tax and non-domestic rates is derived from national legislation that places a legal duty to raise and collect income that is utilised by all services across the council to provide a variety of front and back office services that are unable to raise specific invoices for the services they provide. The billing and recovery processes are determined by legislation. however the information that is needed to create the charges is extensive and can provides data, intelligence and skills needed to manage large and frequent payments.

**2 - Obligatory charges** include rent for land, commercial and domestic property that is determined locally in accordance with national guide lines and agreed, explicit terms. Any income derived by these services may be pooled, like council tax or ring fenced like rent into the Housing Revenue account

**3 - Miscellaneous income** is raised through various process which results in the service provider being able to raise a charge for a good, service or sale which may be a one-off charge or a regular subscription. Ideally this service would be paid for in advance or 'up-front', like the treatment of wasps nest, car park charges, and planning fees however where it is necessary we will send an invoice, based on evidence and clear instruction to do so. We will also aim to issue invoices electronically rather than printing and posting them. Often charges for goods and services are determined centrally, by government. The significance of miscellaneous income and the range of services who both raise debt and who benefit from the income collected mean that this strategy will pay particular attention to miscellaneous income and charges.

Often charges for goods and services are determined centrally, by government. Legislation, European law and legal decisions dictate that the fees and charges the Council sets must be reasonable and proportionate to the cost of the processes associated with the service(s) being delivered. Councils cannot for example use fees covered by the European Directive to make a profit or act as an economic deterrent to deter certain business types from operating within an area.

The Council also receives around £100 million from the Government in the form of **grants or miscellaneous funding**. However, as national austerity continues we are seeing this reduce. As grant income falls Wiltshire Council has to look carefully and commercially about other ways of securing income. The alternative is a reduction in the services it provides. This Strategy does not cover the setting of these charges nor will it cover the various concessionary schemes,

national and local welfare benefits or discounts that are available to reduce statutory and obligatory charges. Those responsible for income management will be expected to be aware of the strategy, the importance of record keeping in connection with the raising of charges or contractual obligations and the schemes the council operates in order to direct customers to any help which may reduce indebtedness to the council.

At present the Council has adopted a service by service approach to how it sets and collects income. Going forward we need to recognise the importance of all income and the fact that our customers often use and pay for variety of services. Consequently this strategy spans the whole Council.

The introduction of an income strategy will ensure the standardisation of policies, payment methods and the treatment of income, in all its forms, across the whole Council. It will enable the organisation to, identify efficiencies in collection processes that should generate savings.. As new payment methods are developed (contactless payments, for example) consideration will be given to the viability of raising a charge where previously it was considered uneconomic to do so.

The strategy will also ensure the better deployment of technology and eventually to e-accounts and through a better understanding of customer behaviour and their use of technology, make it easier for people to pay for various services with their device of choice.

## 2. Scope and how this fits with our Business Plan and other strategies

Under the Council's Business Plan Wiltshire is committed to:

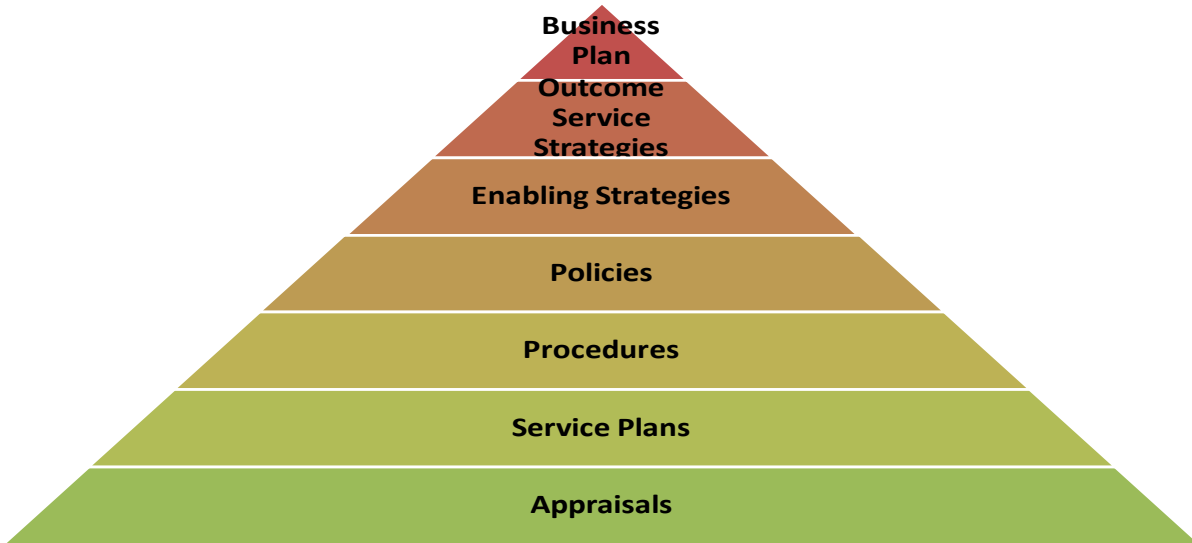
- protect those who are most vulnerable
- boost the local economy; and,
- bring communities together to enable and support them to do more for themselves

These priorities will help to deliver our vision to create stronger and more resilient communities and make Wiltshire an even better place to live, work and visit.

Over the next four years funding from central government will reduce by £22 million and the predicted increase in service demands, combined with inflation, will mean pressures of around another £100 million.

The Council then has a number of key strategies that can be described as setting our service delivery of outcomes, such as the Older People or Children's Strategies; and enabling strategies, such as Financial or IT Strategies. The Income Strategy falls into the latter category.

This Enabling Strategy and related policies also have a strong link with other key Council Strategies, in particular the Medium Term Financial Strategy (MTFS), Fraud Strategy, Housing and the Economic Regeneration Strategies.



The policies and procedures related to this Strategy are:

- a. Statutory Income collection and recovery policy
- b. Miscellaneous income and collection policy
- c. Debt write-off policy
- d. Setting Fees & Charges (note there are some cases where our fees are set by central Government, such as planning)
- e. Concessions
- f. Treasury Management
- g. Financial Inclusion

Previously there have been a number of different service policies but going forward the Council will use this strategy to consolidate and standardise (both policies and procedures) covering these areas that will be complied with by all services. Using the strategy as a framework it will be evident which payment methods are most suited to a particular income type. We will aim to consolidate income management and use the skills we have within the organisation to develop new income streams and improve existing methods.

### 3. Our Vision, Principles and Objectives

An income strategy cannot be designed in isolation. It must incorporate the council's business plans which states

'Our key priorities are to continue to protect the most vulnerable in our communities, boost the economy, creating and safeguarding jobs'.

'We must therefore adopt a more innovative way of working to ensure we can provide our residents with the services they need'.



By setting objectives we can determine the priority of debt. We understand that each customer has a unique set of circumstances and so their debts will be considered based on their ability to pay, their entitlement to statutory and discretionary benefits and their willingness to engage with the council and voluntary sectors. The strategy will not determine a hierarchy of debt payment but part of the engagement will be to determine whether recovering full costs may actually create a greater cost to the organisation downstream.

Income management is more than just collecting money or chasing debts. It is a balancing act and this strategy sets out how Wiltshire will manage that:



Our eight objectives to deliver our strategy are:

1. We will ensure that our ***process of collecting income is consistent, robust and efficient*** for the council and our residents, businesses and visitors. This will include collecting payment in advance rather than issuing a retrospective invoice and using technology rather than cash.
2. Offer **the most appropriate payment** methods delivered through service design, systems thinking and engagement with our customers
3. Maintain a **knowledge of the market place** in terms of technology and legislation.
4. We will **protect the most vulnerable in our communities** and maximise financial inclusion, ensuring our concessions focus on getting Wiltshire's residents in to employment and improving health for those in or at risk of coming into care.
5. **Recover full costs** for the services we provide unless there is a specific justification for awarding a concession

6. We will analyse and make decisions around charges, concessions and debt collection **using customer information**, and we will share this both within the Council and our partners.
7. We will **work closely with our public and voluntary sector partners** to ensure financial inclusion and life opportunities.
8. We will manage our cash through **effective Treasury Management** which incorporates internal reporting procedures to monitor debts.

## 4. Our Objectives and measures of success

### Objective 1 – **Collecting income is consistent, robust and efficient**

The Council needs to ensure that its processes for raising invoices and processing payments are standardised, efficient and rigorous but also enable the payee to be able to make payments to the Council easily. Invoices will be raised by a limited number of authorised specialists who will be responsible for supplying and maintaining documentary evidence to support the invoice. In some cases the AR team will also issue invoices on receipt of clear instructions. Consideration will be given to the most efficient method of delivering the invoice, ensuring clarity of the charges due, any VAT implications and offer most appropriate payment methods. From the outset every bill or invoice will provide the customer with clear directions to standardised methods of payment.

#### Desired Outcome

To drive down the costs, in terms of transactions charges and administration in terms of staffing through the prompt production of accurate, robust and meaningful bills. We will work to unify the look and content of bills. Through training we will ensure that the end to end process is fully understood by those responsible for raising invoices and charges and that records are maintained and accessible to thwart any challenge or dispute.

### **Objective 2 – Offer the most appropriate payment methods**

Consideration must be given to the nature of the product and the frequency of payment. Where a payment is made monthly, for a similar sum, then direct debit is the cheapest method of collection. However it must be noted that direct debit scheme needs constant attention and maintenance to ensure records are accurate and payments are collected correctly. The scheme requires:-

- strict adherence to protocols in terms of how data is stored and exchanged with the banks
- A defined time between which a bill is issued and payment collected
- Dedicated software and middleware

- Experienced, authorised staff to set up and maintain the collection process.

Consequently where the sum due varies each month or where the payment is infrequent or an annual event, maintaining a direct debit system is not practical. As postage costs increase more effort must be made to consider electronic delivery of a bill or invoice through E-engagement and the promotion of the E-Store facility enabling the customer to pay or buy a growing range of products from the council.

For ad-hoc services the process must be designed to accept payment at the point of contact, either in person or over the telephone, however where we cannot deploy any of the above then only an invoice will do. Before any new service or charge is considered it must form part of the council's budget setting processes, in conjunction with Finance and incorporated with the setting of fees and charges

### Desired Outcome

When designing services it will be apparent which are the most appropriate payment methods to use and those staff best equipped to introduce new services and charges who will work together to implement payment options. We should rely less on paper bills and design services to accept payment in advance. The successful implementation of the E-store will provide a further tool to automate or e-enable payments and enable the council to work with partners and sell products on their behalf.

**Objective 3- Maintain an understanding of the market place** and through the use of new and emerging technologies adapt collection methods to optimise efficiencies. Over the last 5 years the use of cheques and cash has substantially declined whilst on-line payments have increased. Paperless direct debit mandates revolutionised the speed at which payment could be collected by direct debit and now contactless payment card and council run E-stores offer further opportunities to reduce administration costs and improve ease and speed of payment. Our systems skills and understanding of the marketplace should encourage us to review and improve the automation of payments to reduce manual handling, reconciliation issues and the inherent security risk of processing and transporting cash and cheques to banks. We will continue to monitor and model the impact of legislative change in terms of housing rents, Welfare Reform or Universal Credit which will affect our ability to recover monies due.

### Desired Outcome

As an organisation we will be able to incorporate new or more efficient payment methods within our services and website to realise the savings technology can bring. We will also demonstrate and share our understanding of the political, legislative and social influences on income management, the connectivity and dependencies of services within the organisation and on our partners and customers.

## **Objective 4- Protect the most vulnerable in our communities**

For the purposes of this Strategy vulnerable means those that are 'financially vulnerable' either due to low income or incapacity to manage their individual finances as a result of a care need. Some customers do not have as much choice as others and regardless of the size of debt that customer may have a number of dependencies that tie them to a town or area. As such we will assess services and needs through greater sharing of information and where appropriate introduce more means testing to support decisions over charges.

### Desired Outcome

We will aim to reduce levels of debt owed to the council. We will deploy, train and equip specialists to analyse an individual's entire indebtedness and manage the total debt rather than service by service. We will provide assurance to our customers that we use best practice and ensure agencies acting on behalf of the council do the same. We will work closely with stakeholders to promote positive behaviours, raise awareness of changes and the impact of welfare reform upon our residents and we will link initiatives and organisations that support residents and offer access to training and employment opportunities.

## **Objective 5 – Recover Full Costs**

Fees and charges, that are discretionary for the Council to set, will be set at a level that covers costs including overheads. (In some cases the current level of fees / charges would necessitate a significant annual increase to achieve this, so achievement of full cost recovery will be spread over the next three years until 2019. This will apply across the whole of the Council.)

Exceptions to this will only be approved by cabinet based on a business case assessment. Exceptions could be due to the impact on vulnerable groups as they are the main users of the service. In these cases, as for objective 4, we will review the level / group to be offered concessions or agree a rate at which the Council will subsidise the service from its Council Tax income.

### Desired Outcome

Through a corporate approach to the raising of charges and the pursuit of debt consider whether consequential cost may inadvertently increase costs in other areas of the Council by more than the projected income.

## **Objective 6 – Collect and use customer information to improve efficiencies**

We will develop a greater corporate awareness of the users of our services to assess their financial capacity and how they pay for services. We will use this to look at how we manage demand and set fees and charges. We will use customer information to promote certain methods of payment, such as direct debit, or e-engagement through the council's E-store to improve efficient collection.

(E-Store is a self-service portal and is a development of our cashiering system. It will allow a more modern shopping type experience. It allows customers to register their email addresses and card details and link favourite accounts to enable faster checkout. We can then mail these customers with notices and information which reduces reliance traditional paper bills and invoices)

Through other council programmes like 'Single View of the Customer we can identify those at risk of debt. We will also use national and informal data sharing exercises to compare our performance with other authorities in terms of collection rates and levels of arrears.

#### Desired Outcome

Through management information, market intelligence, the guidance of service providers and banks and from the opportunities technology brings we will engage with customers in order to design responsive services and encourage them to use efficient payment methods.

### **Objective 7 - Work closely with our public and voluntary sector**

**partners,** We recognise that we are not the only provider of public services in Wiltshire and that other partners charges, be they Housing Associations or Town Councils can add to a households financial incapacity and ability to pay. We understand that the actions we take can worsen a family's circumstances through the use of bailiffs and the addition of their fees. We also know that partners such as the Department for Works and Pensions (DWP) or Citizen's Advice Bureau (CAB) hold key data that can help us all plan better in Wiltshire. New legislation and welfare reforms will place a responsibility on the council to work closely with key partners to share appropriate information in a timely way to prevent debt, homelessness and to encourage employment opportunities.

#### Desired Objective

We will maintain networks and partnerships through which training and the sharing of ideas can take place through which best practice can be agreed and plans put in place to support both individuals and organisations to minimise their debts.

### **Objective 8 - Effective Treasury Management**

As well as standardising processes we will ensure our staff are equipped and authorised to use all methods available to manage income and collect and pursue debt, yet able to recognise financial exclusion, offering support to help residents manage their budgets. We will use a number of benchmarks to gauge our effectiveness and feed the Annual Treasury Management Strategy, approved by Council every February. Whilst we have effective income management arrangements we continually review the processes for the collection, reconciliation and banking of payments to ensure that every payment is banked and reconciled, ideally on the day it is paid which in turn enables us to maximise our return on our short term investments. We will ensure the monitoring of debt to inform regular budget management reporting. We will comply with regulatory requirements imposed by government and our auditors who subject the organisation to scrutiny which ultimately is a test of value for money. We will continue to design and improve our internal processes to meet the highest standards and mitigate any strategic or operational risk.

## Desired Outcomes

By undertaking regular audits and providing regular financial returns we will demonstrate best practice, learning and value for money. We will also be able to demonstrate how our strategy has impacted upon our overall performance, through regular reporting and through the annual statement of accounts, the council's financial well-being.

## **5. Equalities & Diversity**

The need for comprehensive and accessible information about our stakeholders is essential for us to deliver excellent services. Therefore, we will collect and monitor, through customer audits, the profile of our customers and use this information to meet the needs of our customers on an individual and wider level.

The Council understands that there are sound social and business reasons for reducing financial exclusion. Our overall aim within this Strategy is to reduce the incidence and extent of financial exclusion among county's residents thereby improving their financial status and their ability to respond to financial crises as well as their management of household budgets.

We believe that financial inclusion helps to improve the quality of life of our customers and helps build sustainable communities in our neighbourhoods. The actions set out under objective 2 above and working in partnership will underpin this objective.

## **6. Escalation and enforcement procedures**

Where normal recovery procedures fail to recover amounts due, despite action or intervention the following processes and principles of escalation will be used.

- Termination of the service being provided, unless there is a statutory obligation to continue that provision;
- In exceptional cases convene multi-agency meetings to determine the most appropriate debt recovery action with the relevant services and legal teams, particularly in cases where the debtor is deemed vulnerable
- Recover action through the courts, including online small claims court, utilising our in-house specialists and legal services where required.

- Any external costs incurred by the Council in pursuit of debt recovery are the responsibility of the debtor e.g. court costs. The Council will however, endeavour to keep such costs to a minimum; This process will be made clear to the debtor
- Payment orders made by the court will take precedence over any informal payment arrangements that have previously been agreed;
- Use bailiffs debt collections agencies. Where bailiffs and/or debt collection agencies are instructed, they will be required to work within agreed guidelines and relevant industry Codes of Practice and local protocols at all times. The performance and use of bailiff services will be monitored and reviewed on a regular basis.

## 7. Implementation, monitoring & review of this strategy

Set out below are the actions needed to complete each of the objectives. The delivery of these will be monitored regularly by Finance Team. As part of this there are measures of performance to assess the success of the strategy, key success factors being:

- Minimising the number of invoices raised in respect of services provided
- Maintaining collection rates for council tax, non-domestic rates and sundry debts
- Reducing the number of reminders, summonses and court orders issued in respect of local taxes and miscellaneous income each year
- Reducing the number of cases forwarded to external collection agencies, bailiffs and solicitors
- Reducing the level of rent arrears and former tenant arrears
- Minimising the level of miscellaneous arrears carried forward each financial year
- Minimising transaction costs and bank charges
- The reduction in the use of cash and other manual payment.

The intention is that the Strategy is reviewed annually (December) to inform the annual budget setting process and the setting of Council Tax.

Action	Cost / saving	Responsible Officer post	Deadline	Outputs and measures of success
<b>Objective 1 – Recover Full Costs</b>				
Payments up front for goods or services				
SAP debt recovery module used to monitor debt				
Reminder system using SMS and social media implemented				
Tougher sanctions for non-payers – E.g. Eviction for businesses				
<b>Objective 2 – Protect the most vulnerable in our communities</b>				
Draft and agree a single Council wide Financial Inclusion Policy				
Ensure, where possible, the Financial Inclusion Policy ties in with those of our key stakeholders such as Housing Associations, Wiltshire Money, etc...				
Investigate using libraries to take payments for goods and services				
<b>Objective 3 – Process of collecting income is firm and efficient</b>				
Departments should take payment up front for goods or services.				



Prepare regular report to demonstrate levels of debt across the organisation and to support the budget management process.				
Civica eStore will be the only payment processing tool used for taking payments from customers.				
online payments should be utilised and promoted where possible. Taking an online payment should be through Civica eStore				
utilising direct debit payments				
examples of best practice to be replicated for taking payments from customers				
Standardise consistent communications to customers on the methods of payments				
<b>Objective 4 – Collect and use customer metrics data</b>				
Establish single data collection point and identify data to be collected				
Establish protocols for use of data in accordance with				

Data Protection laws				
<b>Objective 5 – Work closely with our public and voluntary sector partners</b>				
Analyse where there are common crossovers and investigate potential joint delivery				
<b>Objective 6 – Effective Treasury Management</b>				
Provide incentives which encourage tenants to pay their rent by direct debit				
Due to the processing fees charged by card providers, a minimum transaction value should be applied for any payments made using a debit/credit card. This minimum transaction value should be set at £5 per transaction, which can be set up within the Civica system.				
Investigate the introduction of contactless debit cards to further reduce transaction costs and the amount of cash within the system				
<b>Objective 7 – A skilled workforce</b>				
Develop a core training programme for income management staff				
Provide annual training on				

amendments to housing benefit and other benefit changes				
Provide bi-annual training on income management and debt advice				
Ensure training is mandatory for all existing and new staff				
Create a range of supporting material for staff to reference if needed				
Document Templates				

## Appendix A – Glossary

Term	Description
Rent	- A tenant's periodical payment to the owner, in this case the council for the use of land , including farmland, or premises, be they domestic dwelling or commercial hereditaments
Fee	- The regular or irregular sum payable for a good or service
E-Store	The e-Store module is an e-commerce solution which allows customers to register their personal and payment details and subsequently view personalised account information, balances and messages. The presentation of customer-specific information enables on-line queries without the need to engage council staff. Product catalogues and shopping cart facilities ensure an improved payment experience for local authority services and products.
Levy	- The collection of a contribution, specifically a tax or value added tax.
Licence	- licences to operate using public goods, often set to recover associated costs such as supervision by a regulator, eg gambling licences
Concession	- A grant, discount, exemption or reduction which can be consistently determined, by formulae and applied to rent, fee, tax or levy which reduces the sum due.
Subsidy	- Where the Council decide to spend public resources on lowering costs for some or all consumers of public services, e.g. free seasonal swimming for under 16, and thus fund this from Council Tax.