

REPORT TO THE EXECUTIVE

Report No. 10

Date of Meeting	12th July 2007
Title of Report	Revenues Collection
Portfolio	Policy
Link to Corporate Priorities	Buoyant Economy
Key Decision	No
Executive Workplan Ref	B344
Public Report	Yes

Summary of Report

To update Members on the amount of revenues collected in 2006/07 and to propose improvements.

Officer Recommendations

- 1 That the report is noted.**
- 2 That Members note the proposed action to improve performance.**

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	None	No	Yes	None

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1. Introduction

1.1 This report sets out the collection performance in 2006-07 for four areas of activity, which are,

- council tax,
- business rates,
- housing benefits recovered, and,
- sundry debts.

1.2 The total amount collectable was just over £107m. Arrears at March 2007 amounted to just under £5.8m, or 5.4% of the total collectable.

1.3 The issues that this report will address include,

- The percentage collection, in year, and in total (in-year and arrears);
- The arrears at the start and the end of the year;
- The level of write-offs and provisions for further write-offs;
- Performance compared to other Councils;
- Costs compared to other Councils
- Proposals to improve the performance

1.4 Appendix 1 to 4 shows the respective collection rates for the financial year 2006/07 at 31st March 2007 compared to the previous year and the aged debt summary.

2. Performance

2.1 The in-year collection on all debts, of £102.047m, was 97.23%. Table 1 sets out the information - collection ranged from 47% to 98%.

Table 1 - In Year Collection 2006-07

	Debit 2006- 07 £000's	I.Y.Arrears March 07 £000's	Collection %	Arrears %
Council Tax	59,254	1,573	97.35	2.65
NNDR	31,352	491	98.43	1.57
HB Overpayments	722	381	47.23	52.77
Sundry Debts	10,719	378	96.47	3.53
	<u>102,047</u>	<u>2,823</u>	<u>97.23</u>	<u>2.77</u>

2.2 These results change slightly when the total collection is considered, that is the in-year amount due, plus the arrears from previous years.

Table 2 sets out the position:

Table 2: Total Collection 2006-07

	Arrears	Debit	Total Coltbl	Arrears	Colln	Arrears
	March 06	2006-07	2006-07	March 07	%	%
	£000's	£000's	£000's	£000's		
Council Tax	3,384	59,254	62,638	3,461	94.47	5.53
NNDR	739	31,352	32,091	835	97.40	2.60
HB	767	722	1,489	990	33.51	66.49
Overpayments						
Sundry Debts	512	10,719	11,231	489	95.65	4.35
	5,402	102,047	107,449	5,775	94.63	5.37

2.3 The total arrears increased by £373k or just under 7%. Table 3 sets out the position, whilst Table 4 analyses the age of the arrears:

Table 3 – Total Arrears

	Arrears	Arrears	Change	Change
	March 06	March 07	£000's	%
	£000's	£000's		
Council Tax	3,384	3,461	77	2.3
NNDR	739	835	96	13.0
HB	767	990	223	29.1
Overpayments				
Sundry Debts	512	489	-23	-4.5
	5,402	5,775	373	6.9

Table 4 – Arrears Age

Arrears analysis	Arrears	Arrears	Arrears	Arrears	Arrears	All Arrears
	to 2003	2003-04	2004-05	2005-06	2006-07	March 07
	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	581	229	358	720	1,573	3,461
NNDR	73	42	44	185	491	835
HB	118	79	44	368	381	990
Overpayments						
Sundry Debts	10	20	17	64	378	489
	782	370	463	1337	2,823	5,775

2.4 The level of write-offs is set out below at Table 5, together with the likely level of write-offs in 2007-08..

Table 5: Write-offs in 2006-07

	Arrears Written -off Prior £000's	Arrears Written -off 2006- 07 £000's	Total Write- off £000's
Council Tax	79	0	79
NNDR	10	0	10
HB	21	0	21
Overpayments			
Sundry Debts	17	0	17
	<hr/> 126	<hr/> 0	<hr/> 126

Table 6: Likely level of write-offs in 2007-08

	Arrears to 2003 £000's	Arrears 2003- 04 £000's	Arrears 2004- 05 £000's	Arrears 2005- 06 £000's	Arrears 2006- 07 £000's	All Arrears March 07 £000's
Council Tax	581	115	90	90	157	1,032
NNDR	73	21	11	23	49	177
HB	118	79	44	184	38	463
Overpayments						
Sundry Debts	10	20	17	32	38	117
	<hr/> 782	<hr/> 235	<hr/> 162	<hr/> 329	<hr/> 282	<hr/> 1,789

We are currently holding a provision of £1.869m to cover these write-offs and as a consequence there will be no detrimental effect on the Council's services.

2.5 The performance compared to other Councils, for in-year collection, is as follows

Table 7: Performance Compared to other District Councils (1st best, 4th worst)

	Quartil e
Council Tax	4th
NNDR	3rd
HB	4th
Overpayments	
Sundry Debts	n/a

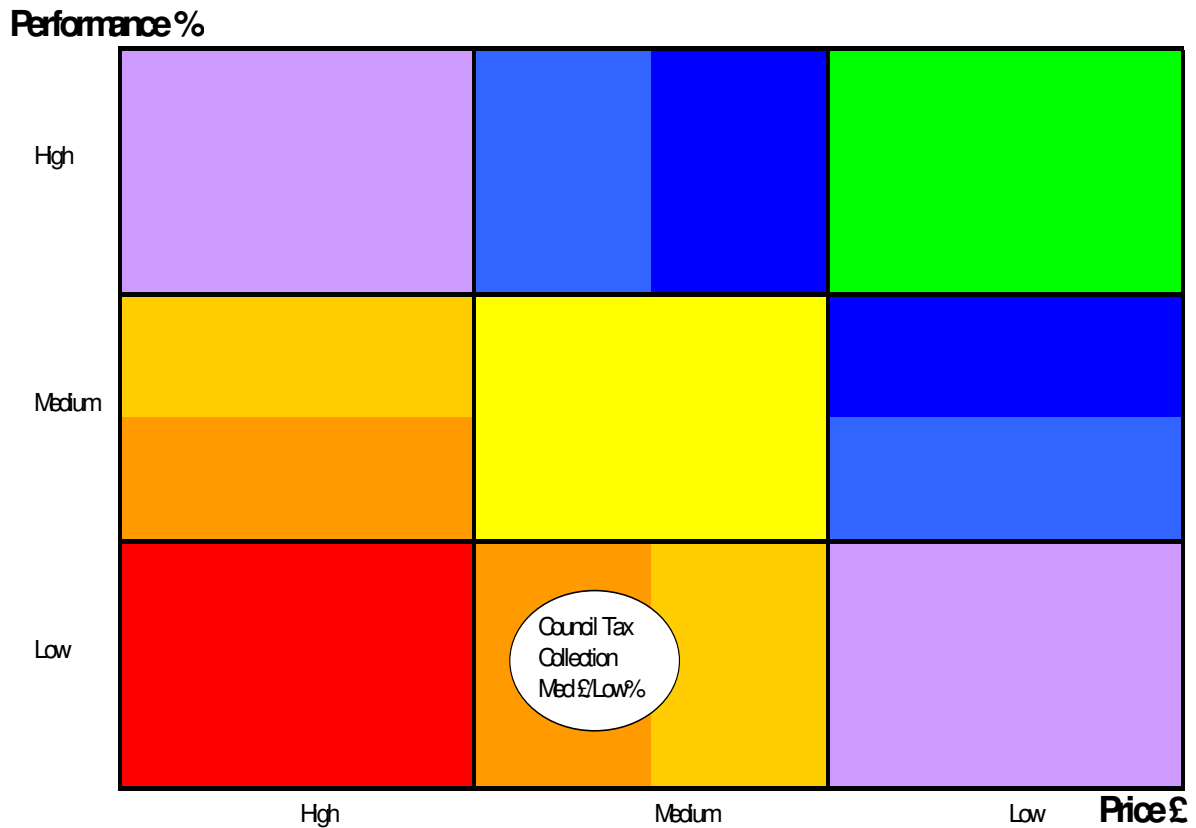
However, HB Overpayments was in the 3rd Quartile of total collection.

2.6 The background to the **Council Tax** performance during 2006-07 is as follows:

- Council Tax collection increased by 8.5% during 2006/07. This has resulted in the current year national performance indicator increasing to 97.7% an increase of 0.5%.
- Council Tax arrears collection has increased by over £0.5 million and 6.4%.
- Recovery action increased substantially and 3,000 additional reminders were issued, 5,500 additional summonses and 600 additional cases were passed to the bailiff.

- Although this still places North Wiltshire in the fourth quartile in respect of current year collection for districts, improvements can be expected now that the SX3 system is fully embedded and that staffing levels within customer services have increased.
 - The aim is to reach 2nd quartile performance of 98.1% during 2007/08 and move towards top quartile performance of 98.5% during 2008/09.
 - Even so, collection does not stop at the end of the year and Appendix 5 shows how the collection rate continues to improve from year to year.
- 2.7 The **Business Rate** collection remains at a high level, although this is still only 3rd quartile performance. To achieve 2nd quartile performance would require a collection rate of 99%, with top quartile performance reaching 99.3%.
- 2.8 The **Housing Benefit Overpayments** remain difficult to collect. A large proportion of the amount recovered is from ongoing benefit entitlement. There are two national performance indicators that measure overpayment collection and for 2006/07 the collection rate is 58.1% and 30.1%. The first P.I. is currently bottom quartile performance and the 2nd P.I. in the 3rd quartile. Further work is planned during 2007/08 to increase the amount of time spent chasing debts, as well as improving the speed that we process new claims and change in circumstances.
- 2.9 Collection of **sundry debtor** invoices remain high. The local performance indicator shows a collection rate of 98.4%, an increase of 1.5% from the previous year. Over 65% of the outstanding invoices are less than 6 months old. The revenues team continue to work with various departments to ensure that the most effective recovery action is taken.
- 2.10 The Council's Revenues Team is responsible for the collection of Council Tax, NNDR, Sundry Debtors as well as the recovery of Housing Benefits Overpayments. The cost to provide this service is £1.26m which places the Authority 159th out of 238 District Councils. This price performance puts the authority in the 3rd quarter (higher medium sector).
- 2.11 Therefore comparing price/performance, the services fall into the following performance boxes:

Table 8: North Wilts DC Medium Term Planning - Price £ / Performance % Matrix



3. Action Plan

3.1 In order to make further improvements the following key areas need to be implemented.

- A fundamental review of the current service and an assessment of performance and the barriers constraining improvement. This is likely to include a review of the existing staffing structure to ensure improved performance, the growth and development of staff and improved customer focus.
- The service review will also consider the current systems and processes and where improvements could be made. This will include benchmarking with top quartile performing authorities to identify areas of good practice and compare costs of collection, and a review of existing policies and procedures including a debt recovery strategy.
- A review of training and development to improve teamwork and flexible use of resources during peaks and troughs and to improve information provided by customer facing staff.
- An increase in the number of home-workers. This has already proved successful in enhancing performance levels as minimising interruptions results in faster and more accurate processing.

- Introduce a 24 hour automated payment line that reduces customer contact and helps to speed up response times and could realign customer contact staff to back office support.
- Initiate closer working with benefits team to ensure that those entitled to benefit are making claims and that processing times are improved, including targeting areas of deprivation.

3.2 Whilst the improvements will have an effect, a step change is required if performance is to leapfrog other Councils. It is proposed that an organisation delivering top-quartile performance is engaged to review the revenues and benefits, their structure, systems and work-flows. If necessary, the same organisation can bring backlogs under control and ensure that during the transformation improvement is maintained. Funding for the change can found from the 'spend to save' fund.

3.3 The targets for collection will improve the quartile performance, as set out below in Table 9:

Table 9: Performance Targets In year collection – and resultant Quartile ranking

	Current	2007-08 Quartile	2007-08 %	2008-09 Quartile	2008-09 %	2009-10 Quartile	2009-10 %
Council Tax	4 th (97.35%)	2 nd	98.1	2 nd	98.5	1 st	98.7
NNDR	3 rd (98.4%)	3 rd	98.7	2 nd	99.0	2 nd	99.2
HB	4 th (58.1%)	2 nd	75	2 nd	77	1 st	80
Overpayments							
Sundry Debts	96.5		97		98		98.5

Quarterly reports are provided to Members and the Corporate Management Board to show the rate of collection together with a comparison to the previous year.

3.4 The resultant level of arrears, implied by the level of write-offs, performance targets and arrears collection should be as set out at Table 10:

Table10: Target level of Arrears

	2006-07 £000's	2007-08 £000's	2008-09 £000's	2009-10 £000's
Council Tax	3,461	2,254	1,894	1,527
NNDR	835	662	561	489
HB	990	715	707	659
Overpayments				
Sundry Debts	489	492	416	367
	5,775	4,123	3,577	3,043

4 Human Resource Implications

4.1 Continued resource issues within Revs & Bens have not helped. However, additional staff in the Benefits and Customer Contact team are now in place, so further improvements can be expected.

5 Financial Implications

- 5.1 Revenues collection has a significant impact on the financial standing of the Council. The tax base is calculated on the basis that the Council will collect 98.5% of the revenue raised.
- 5.2 If the Council collect less than estimated it will impact on the Collection Fund resulting in a deficit. The Collection Fund is currently in surplus suggesting that, given the collection percentages, there has been an under-estimation at the start of the year of the amount to be collected. Steps are in hand to improve the estimation process.
- 5.3 The Spend to Save Fund consists of the excess of Reserves above the minimum level of £3.5m. At Month 11 2006-07, it was estimated to be £277k.

6 Risk Analysis

- 6.1 Resource issues within Revenues and Benefits continue to be monitored and addressed.

Appendices:	<ul style="list-style-type: none">• Appendix 1 – Council Tax collection• Appendix 2 – Business Rates collection• Appendix 3 – Housing Benefit Overpayment collection• Appendix 4 – Sundry Debtor collection• Appendix 5 – Collection fund analysis
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none">• Information obtained from Revenues SX3 System and tipfe system.

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference