

REPORT TO THE EXECUTIVE		Report No. 12
Date of Meeting	1st November 2007	
Title of Report	Spend to Save – Improving the Revenues Service	
Portfolio	Resources & Democracy	
Link to Corporate Priorities	Customers	
Key Decision	No	
Executive Workplan Ref	B360	
Public Report	Yes	

<p>Summary of Report</p> <p>The purpose of the report is to present to the Executive proposals and an action plan designed to bring about a step change in the Revenues service performance.</p>
<p>Officer Recommendations</p> <p>It is recommended that the Executive:</p> <ol style="list-style-type: none"> 1. Note the report. 2. Endorse the proposal that the Revenues review is conducted in-house with external consultancy support, and 3. Approve the high level action plan.

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
None	None	None	Yes	None
Contact Officer	Paul Southway – Revenues Manager 01249 706227 psouthway@northwilts.gov.uk Jackie Tavener – Head of Customer Relations 01249 706226 jtavener@northwilts.gov.uk			

1. Introduction

- 1.1. A Revenue report to the Executive on the 12th July 2007 noted that the Revenues service was a medium price/low performance service, and that a step change in performance was required. The Executive agreed a provisional 'spend to save' allocation of £100k to fund a review of the service and to make the necessary interventions required to achieve top quartile performance. This decision has also been re-affirmed by Members at a Policy Day on the 6th September, where priorities were reconsidered in light of the recent unitary decision. The purpose of the report is to seek Members' endorsement of the improvement proposals and action plan.

2. Options and Options Appraisal

- 2.1. **Option One:** To note the report and endorse the proposals and action plan.
- 2.2. **Option two:** To suggest an alternative course of action.

3. Background Information

- 3.1. In March 2005 the Council's new Revenues system went live. The new system replaced an old in-house system that was unable to cope with the demands of a modern revenues service. Due to the exigency of data migration, the Council was without a system and unable to process work for a period of three months. This was followed by a peak in workload brought about by annual billing. As a consequence, at the outset of the 2005/06 financial year, the Revenues service faced clearing a substantial backlog of work whilst at the same time learning to use a new system. This resulted in a low collection rate of 97.2% and a significant level of arrears (£1.6m).
- 3.2. Action was taken in the latter part of 2005 to redeploy resources to catch up with recovery. The recovery action taken resulted in arrears collection doubling in 2006/07 and a current year collection rate of 97.7%.

4. Benchmarking Data

- 4.1. The table below compares performance of Wiltshire authorities in 2006/07. As can be seen, the best performer in Wiltshire achieved a collection rate of 98.8%. However, benchmarking also indicates that North Wiltshire employs fewer numbers of revenues staff for a similar volume of work.

North Wiltshire DC	97.7%
West Wiltshire DC	97.6%
Kennet DC	98.8%
Salisbury DC	98.3%

5. Proposal

- 5.1. The Council invited a number of leading companies to express an interest to tender for consultancy work in the review of the Revenues service. However, all of the acceptable proposals either exceeded the Council's budget or would not provide the required return on investment in the timescales available.
- 5.2. After discussion with Wiltshire County Council, the Head of Finance & Resources, Head of ICT, Lead Member for Resources & Democracy and the Corporate Management Board it is proposed that the review is conducted in-house with some

external support on Lean Process reviews. The latter is Wiltshire County Council's preferred methodology and is formally established as the county-wide business process re-engineering approach.

- 5.3. Vanguard will provide the external support for the Lean Process review. This will involve a three day lean fundamental training course for up to 12 members of staff who will be involved with the review. The trained staff will then form the Business Transformation Team. There will also be a half day Member and Senior Manager overview session on Lean Process reviews. Once the training has been provided, Vanguard will facilitate a three day scoping exercise. The cost of the Vanguard training and scoping consultancy is £16,000. A further £10,000 has been set aside for additional consultancy if required during the review. This will mitigate the risk that staff may not be fully competent to undertake all aspects of the review.
- 5.4. Once established, the Business Transformation Team will target specific areas of work to maximise the return on investment. This will include:
- Collection improvements, including increasing Direct Debit take up
 - Housing Benefit overpayments
 - Transactional processing at the first point of contact

6. Potential Areas for Generating Additional Income

- 6.1. Based on net collectable of £64m, the actual collected for 2006/07 was 97.7% (£62.5m), for 2007/08 the target is 98.2% (£62.8m) and for 2008/09 98.5% (£63m). If we collect an additional 0.5% Council Tax and increase our current year collection to 98.2%, this will mean that we have collected approximately an additional £300,000. The Council only receive approximately 10% of this sum, so will receive £30,000. The remainder is distributed to precepting authorities such as Wiltshire County Council etc. The Council will also receive interest on the additional revenue collected. It is anticipated that the review will facilitate the achievement of these very stretching targets.
- 6.2. The Council raised Housing Benefit overpayments of £823,907 during 2006/07 and collected £478,676 relating to various years. With the total balance outstanding of £990,099 at the 1st April 2007 there is the potential to improve collection. With more rigorous recovery action it is estimated that an additional £50,000 could be achieved, all of which would be kept by the District Council. The Council already receive a subsidy of 40% on all overpayments identified where the claimant did not advise of a change in their circumstances. Furthermore, by reducing the number of overpayments raised due to quick processing time, the overall debt will fall and the write-off provision can be reduced.
- 6.3. The Council currently has approximately 33,000 direct debit payers, which is around 63% of the number of taxpayers. According to the Audit Commission it costs approximately £5.00 per year less to collect from each account paying by direct debit. Therefore, if we can increase direct debit take up to around 35,000 it will produce savings of £10,000. The aforementioned figures are used for illustrative purposes only, as the scoping exercise will determine the forecast take up target for the review.
- 6.4. A redesigned operating system and efficient processes would remove the longstanding reliance on temporary staff. This would save the Council approximately £52,000 per annum. In terms of staffing resource, any efficiencies realised from the review will be refocused to maximise the return on investment.

7. Potential Costs

7.1. The table below sets out the potential costs in respect of this project. These are as follows:

- Lean Training and Scoping – the cost of Vanguard’s training provision is £16,000. This consists of a three day Lean Fundamental course, and a half day Member and Senior Manager overview session on Lean Process reviews. It also includes a three day scoping exercise.
- Consultancy – a contingency of £10,000 has been ringfenced for consultancy support from Vanguard. This may not be required, however, budget has been set aside in case additional support is needed during the review.
- System Integration – the review may highlight that efficiencies could be gained as a result of systems integration and a sum of £10,000 has been allocated to cover these potential costs.
- Backfill costs – As the review is in addition to the day to day work and will involve all members of the Revenues team, it will have an impact on performance. To prevent a backlog of work accruing, a sum of £24,000 has been set aside for additional resource. If this is required, it is likely that the Council will use an external contractor, RBS Solutions, rather than Agency staff.
- Project cost avoidance/contingency – the ‘spend to save’ budget available for this project is £100,000. However, only £60,000 has been identified as potential costs, which leaves £40,000 unallocated. At this point, this sum is classified as a project cost avoidance, but is available if required.

Lean Training and Scoping	£16,000
Consultancy	£10,000
System Integration	£10,000
Backfill Resource	£24,000
Project cost avoidance/contingency	£40,000
TOTAL	£100,000

8. Action Plan

8.1. The table overleaf sets out the actions for the Revenues review. The scoping exercise will determine the exact level of savings to be derived from the exercise and will produce a detailed action plan against which progress can be measured.

Action	Completion Date	Responsible Officer	Update
Clear Council Tax/Non-Domestic Rates Backlog	September 07	P Southway	Achieved
Arrange consultancy with Vanguard	October 07	J Tavener	Achieved
Lean Process training	November 07	J Tavener	
Review scoping exercise	November 07	J Tavener	
Review interventions	December 07	P Southway	
Full review implementation	January-February 08	P Southway	

9. Human Resources Implications

9.1. The Human Resources implications will be considered by the Business Transformation Team and will be an integral part of the review.

10. Risks

- 10.1. The proposal was based on the assumption that Officers have the necessary competence to effect the review. To mitigate the risk that this is not the case, contingency to pay for additional consultancy has been built into the costs of the proposal.
- 10.2. Furthermore, staff resource may be diverted to work on other Council priorities such as the Benefits and Customer Focus reviews as well as the unitary transition work.
- 10.3. The Revenues review will also be impacted if the Council suffers staff retention problems as a result of the unitary decision.

Previous decisions connected with this report

Report	Committee & Date	Minute Reference
Revenue Collection	Executive 12 th July 2007	E33

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