

Wiltshire Council

Cabinet

11 October 2016

Subject: Introducing an Income Management Strategy

Cabinet Member: Councillor Dick Tonge, Cabinet Member for Finance

Key Decision: No

Executive Summary

Wiltshire Council currently collects over £500 million each year through local taxes, rents 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 they could be cut and whilst the services provided are diverse, the payees are very often the same people.

The strategy aims to improve the council's commerciality in terms of the way we bill and collect income using the most efficient processes. It intends to introduce consistency across the whole council in the way charges are raised and bills issued.

The strategy encourages the use of technology so that we can offer the latest in payment methods to reduce cost per transactions. It also highlights the need for a capable, determined and collaborative approach to recovery of debt and highlights the need to take a more joined approach to manage and support those in debt.

The strategy puts in place mechanisms for reporting the management of income and sets out how this fits with our business plan and other enabling strategies to drive up performance in terms of improving cash flow and collection rates. It also supports our treasury management plans and provides an umbrella under which a number of financial policies (Miscellaneous Income and Collection policy and Debt-Write-off Policy, for example) can co-exist.

Whilst the Council remains under significant financial pressure it is prudent to reinforce the message to all stakeholders that well managed income streams will help protect vital services. The Income Management Strategy aims to place this ethos at the heart of the organisation and consolidates a range of policies connected with managing income.

Proposal

Council is asked to adopt the income strategy. With the strategy in place engagement with officers can begin. The engagement process will involve

agreeing the steps each service will need to take to meet the objectives set out in the Action Plan.

Reason for Proposal(s)

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. We must use our knowledge and experience to offer the right services at the right price and offer the most suitable and efficient means to enable customers to pay for those services.

Carolyn Godfrey
Corporate Director

Wiltshire Council

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Purpose of Report

1. The report is simply to introduce an Income Management Strategy

Relevance to the Council's Business Plan

2. To support the Council's business we must ensure the Council's viability by maximising the level it can collect, ensuring that collections is efficient and maximises the use of technology available whilst protecting the most vulnerable in our communities.

Main Considerations for the Council

3. This strategy 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, IT strategies and the council's financial regulations. It has a number of aims. The first aim is to introduce a more commercial approach to the way in which we charge, bill and collect income for services we provide. A second aim is to use the information that we gather, during the collection process to make and improve our decision making on the most appropriate way of recovering monies owed to the Council. The third aim is to ensure that debts or cases of non-payment are reported for performance monitoring but also in a way that enables discussion and dispute resolution before prosecution or debt recovery.
4. The strategy 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.

Background

5. Wiltshire Council handles nearly two million transactions per year and collects over £500 million from those transactions. It generates the fourth largest income from council tax in England (after Birmingham, Leeds and Cornwall) with over 140,000 household paying council tax by direct debit and has the highest annual collection rate of those four. The council has seen a dramatic reduction in the number of payments made in cash with a corresponding rise in on-line payments. The council is good at collecting income however this strategy builds on our expertise and bring consistency to the way in which all income is managed. 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.
6. 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 banking charges the debt also 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.
7. The strategy recognises that technology is changing the way customers interact with the council, particularly the way in which they pay for services and that we must constantly review the systems and processes we use to receive payment. The introduction of contactless debit cards for example could result in the reduction in relatively expensive transactions for handling cash. The use of e-bills has already reduced the cost of postage and bill production. By recording payments payment patterns and listening to our customers we can provide the most appropriate methods to suit them.
8. The purpose of this strategy is to provide a framework which reinforces the concept of transparent and agreed service charges and consistent billing in the cases where billing is deemed necessary so that the customer knows what to expect and is in no doubt about what they have to pay.

Overview and Scrutiny Engagement

9. None. The strategy simply at this stage provides an opportunity to review and improve the way in which the council manages its income. This will feed into Treasury Management reports and other procedure for the monitoring of debt. Further chances to feed into future policy will be made as income levels are set.

Safeguarding Implications

10. None

Public Health Implications

11. None

Procurement Implications

12. None

Equalities Impact of the Proposal (detailing conclusions identified from Equality Analysis, sections 4 and 5)

13. The strategy recognises both the need for equality assessments in setting and collecting income, as well as a single financial inclusion strategy for the whole Council.

Environmental and Climate Change Considerations

14. None

Risk Assessment

15. There is a risk that income is set too high and demand reduces significantly, resulting in an under achievement of income and a reduction in service. The aim of this strategy is to focus on this risk and actively consider it in setting fees and charges.
16. There is a risk of non-collection. This strategy seeks to reduce this risk by introducing principles, such as payment before a service is provided.

Risks that may arise if the proposed decision and related work is not taken

17. There is a risk that if a consistent strategy is not introduced that residents / businesses whole debt may not be assessed as one, leading to a reduced ability to work with the debtor regarding effective repayment.
18. There is a risk fees and charges are either not competitive or do not recover costs and as such result adversely on the level of service the Council is able to provide.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

19. As noted above.

Financial Implications

20. This Strategy sets out principles to collect and recover full costs. As a result it is likely that greater income will yield to the Council. In addition improvements in process could reduce bad debt and consequential write

offs. At this stage it is not possible to quantify the full affect as this is only a strategy. As each proposed change in implementing the strategy is worked through Accountancy will provide further advice and comments. As such the strategy is supported.

Legal Implications

21. The majority of income collected by the council is done so without the involvement of the Council's Legal Team as the processes for collecting income, particularly local taxation, council tax and non-domestic rates is set out in various Acts and statutory instruments. There is also a robust process for the setting of fees and charges which are determined annually. The income strategy is ensuring that the law is followed in terms of these income streams and that the Legal Team are involved at the earliest opportunity where disputes arise.

Options Considered

22. Whilst the Council remains under significant financial pressure it seems prudent to reinforce the message to staff and stakeholders that well managed income streams will help protect vital services. The Income Management Strategy aims to place this ethos at the heart of the organisation and to consolidate a range of policies connected with managing income. Without the strategy the ability to bring consistency to income management is weakened.

Conclusions

23. To adopt the strategy.

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Date of report
22nd September 2016

Appendices

(Income Management Strategy)

Background Papers

None