

Report to: Audit/Governance and Improvement Review Committee
Date: 6 December 2007
Subject: Departmental Performance
Report of: Director of Finance & IT
Contact officer: David Smith 01942 827232

Purpose / summary: To update Committee on the Department's performance in collecting council tax and national non-domestic rates, benefit payments and collection of income in 2007/08.

Alternative options considered and reason for selecting the one recommended:

Recommendation / decision: To note the report.

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial: Resources contained within 2007/8 budget – additional resources obtained from DWP to support improved performance in processing benefit claims.

Staffing:
Policy:
Equal Opportunities - Has a Diversity Impact Assessment been conducted?
Wards affected:

Property Implications– Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

If yes have the property implications been agreed with the Corporate Property officer?

Does this proposal have significant implications for the Council and the local population?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes / No ***

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes / No ***

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **Yes / No ***

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	x
Discussion leading to a decision	
Monitoring	
Sharing for corporate understanding	

	x
Discussion	
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
6 December 2007			

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer David Smith

Date 20 November 2007

BACKGROUND:

This is the second report in a series of four during the year to this Committee which advises on progress during the financial year in collecting Community Charge, Council Tax and Business Rates.

This report also provides information regarding the collection of Sundry Debtor income along with performance in processing Benefits claims. This supplements the information on Benefits performance we have included in the Members information bulletin and helps ensure compliance with the Department for Work and Pensions Performance Standards.

The separate sections are attached as appendices:

Appendix A Collection of Community Charge, Council Tax and Business Rates.

Appendix B Collection of Sundry Debtor income.

Appendix C Benefits Administration.

Appendix A

1. Community Charge

Arrears re Years (Net of Overpayments)	Position at				
	31/03/07		31/10/07		
	£	%	£	%	
1990/91	14,115	0.02	14,027	0.02	Reduction of £88
1991/92	24,959	0.05	25,517	0.06	Increase of £558
1992/93	50,521	0.09	50,302	0.09	Reduction of £219
TOTAL	89,595		89,846		Increase of £251

2. Non-Domestic Rates - Earlier Years

Arrears re Years (Net of Overpayments)	Position at				
	31/03/07		31/10/07		
	£	%	£	%	
1990/91	-2,849	-0.01	-2,903	-0.01	
1991/92	2,588	0.01	2,588	0.01	
1992/93	5,988	0.02	5,374	0.02	Reduction of £614
1993/94	2,287	0.01	2,569	0.01	Increase of £282
1994/95	6,508	0.02	6,544	0.02	Increase of £36
1995/96	9,801	0.03	9,609	0.03	Reduction of £192
1996/97	37,225	0.11	36,548	0.10	Reduction of £677
1997/98	40,614	0.11	40,505	0.11	Reduction of £109
1998/99	60,031	0.14	56,566	0.13	Reduction of £3,465
1999/2000	99,260	0.21	94,271	0.20	Reduction of £4,989
2000/01	150,648	0.30	146,236	0.29	Reduction of £4,412
2001/02	172,436	0.31	162,261	0.29	Reduction of £10,175
2002/03	208,779	0.36	196,650	0.34	Reduction of £12,129
2003/04	333,392	0.57	289,960	0.50	Reduction of £43,432
2004/05	506,065	0.85	401,057	0.67	Reduction of £105,008
2005/06	692,713	1.12	694,322	1.13	Increase of £1,609
TOTAL	2,325,486		2,142,157		Reduction of £183,329

3. Non-Domestic Rates 2006/07

	Position at				
	31/03/07		31/10/07		
	£	%	£	%	
Amount Collectable	64,919,204		64,552,107		Reduction of £367,097
Plus Costs	47,288		54,368		Increase of £7,080
	64,966,492		64,606,475		
Less Write-Offs	-62,462	0.10	-50,293	0.08	Reduction of £12,169
Less Cash (Net of Refunds)	-63,664,392	98.00	-63,678,454	98.56	Increase of £14,062
Arrears	1,239,638	1.90	877,728	1.36	Reduction of £361,910

4. Non-Domestic Rates 2007/2008

	Position at 31/10/07	
	£	%
Amount Collectable	68,644,415	
Plus Costs	36,640	
	68,681,055	
Less Write-Offs	-0	0.00
Less Cash (Net of Refunds)	-48,011,222	69.90
Arrears	20,669,833	30.10

Cases where nothing paid	678
Recovery action taken to 31/10/07	
Formal Reminders	4,658
Summonses	719
Liability Orders	520
Direct Debit Payers	3,526

5. Council Tax - Earlier Years

Arrears re Years (Net of Overpayments)	Position at				
	31/03/07		31/10/07		
	£	%	£	%	
1993/94	16,063	0.04	12,701	0.03	Reduction of £3,362
1994/95	16,805	0.04	13,356	0.03	Reduction of £3,449
1995/96	27,866	0.06	23,032	0.05	Reduction of £4,834
1996/97	53,457	0.11	44,393	0.09	Reduction of £9,064
1997/98	78,824	0.14	66,023	0.12	Reduction of £12,801
1998/99	112,001	0.19	93,452	0.16	Reduction of £18,549
1999/2000	188,317	0.30	160,273	0.25	Reduction of £28,044
2000/01	227,912	0.33	187,546	0.28	Reduction of £40,366
2001/02	305,859	0.41	246,212	0.33	Reduction of £59,647
2002/03	430,620	0.55	357,757	0.45	Reduction of £72,863
2003/04	656,547	0.76	541,414	0.63	Reduction of £115,133
2004/05	951,969	1.07	783,419	0.88	Reduction of £168,550
2005/06	1,460,604	1.55	1,131,958	1.20	Reduction of £328,646
TOTAL	4,526,844		3,661,536		Reduction of £865,308

6. Council Tax 2006/07

	Position at				
	31/03/07		31/10/07		
	£	%	£	%	
Amount Collectable	97,198,793		97,054,309		
Plus Costs	720,741		855,792		
	97,919,534		97,910,101		
Less Write-Offs	-31,928	0.03	-91,959	0.09	
Less Cash (Net of Refunds)	-94,633,630	96.64	-95,797,681	97.84	
Arrears	3,253,976	3.33	2,020,461	2.07	Reduction of £1,233,515

7. Council Tax 2007/2008

	Position at 31/10/07	
	£	%
Amount Collectable	102,300,118	
Plus Costs	468,488	
	102,768,606	
Less Write-Offs	-3,389	0.00
Less Cash (Net of Refunds)	-67,951,247	66.12
Arrears	34,813,970	33.88

Cases where nothing paid	5,110
Recovery action taken to 31/10/07	
Formal Reminders	40,064
Summonses	8,497
Liability Orders	6,873
Direct Debit Payers	66,695

8. Court Costs

The following Court Costs (Net of payments made to the Courts) have been paid during the financial years:

1990/91	£ 90,236
1991/92	£ 530,273
1992/93	£ 881,157
1993/94	£ 1,043,149
1994/95	£ 940,299
1995/96	£ 732,183
1996/97	£ 733,623
1997/98	£ 514,424
1998/99	£ 592,906
1999/00	£ 486,035
2000/01	£ 564,823
2001/02	£ 719,592
2002/03	£ 714,058
2003/04	£ 750,231
2004/05	£ 812,115
2005/06	£ 798,018
2006/07	£ 720,272
2007/08	£ 546,546
	<u>£ 12,169,940</u>

9. **Progress with Recovery after Liability Orders have been obtained.**

The situation regarding those payers against whom Liability Orders had been obtained was as follows at 31/10/07:-

(a) <u>Council Tax</u> (in respect of financial years 1993 to 2006)	<u>Numbers</u>	<u>Amount</u> <u>Owing £</u>
Paying by voluntary arrangement	311	63,959
Employers details requested prior to Attachment of Earnings	2,082	644,762
Attachment of Earnings Pending	1,047	364,814
Attachment of Earnings in Operation	1,008	268,762
Deductions from Income Support Pending	2,852	779,145
Deductions from Income Support in Operation	1,726	310,956
Visited - arrangements made on distraint	3,822	1,044,312
Visited - awaiting Means Enquiry Court Hearing	490	140,769
Referred to private bailiffs	1,028	306,300
Various stages of Means Enquiry Court Hearings	2,340	853,658
Suspended Sentences imposed, payments ordered	330	130,887
Bankrupt / Deceased / Liability in dispute		
Other query	792	302,291
Absconded - trying to trace	975	365,460
Unable to Trace - for write-off	193	61,946
Bankruptcy Proceedings instigated	<u>55</u>	<u>34,232</u>
	19,051	5,672,253

Since the introduction of Council Tax:

194,417 liability orders have been obtained, of which 175,366 have since been cleared.

80,108 Attachment of Earnings Orders and

42,371 Deductions from Income Support have been implemented.

Deductions from Income Support now total £1,918,131

(b) <u>NDR</u> (in respect of financial years 1990 to 2006)	<u>Numbers</u>	<u>Amount</u> <u>Owing £</u>
Liability Order granted – Arrangement prior to action	16	197,797
Letter issued - Bailiff visit pending	149	165,513
In House & Private Bailiff action	257	384,630
Returned from bailiff – awaiting Means Enquiry Court Hearing	165	188,310
Various stages of Means Enquiry Court Hearings	299	396,032
Bankrupt / Deceased / Liability in dispute / Other query	31	72,200
Absconded - trying to trace	96	106,775
Unable to Trace - for write-off	579	1,187,185
Bankruptcy Proceedings instigated	<u>23</u>	<u>40,000</u>
	1,615	2,738,442

In the previous 2 tables, the “Numbers” shown at each stage of recovery relate to the number of accounts and not the number of debtors.

The number of debtors per financial year is:

Council Tax

	<u>Numbers</u>	<u>Amount Owing £</u>
1 Financial Year	5,084	1,309,244
2 Financial Years	2,377	1,515,175
3 “ “	924	984,122
4 “ “	424	620,285
5 “ “	250	503,899
6 “ “	126	311,312
7 “ “	69	210,156
8 “ “	19	73,207
9 “ “	19	84,187
10 “ “	8	29,644
11 “ “	2	13,415
12 “ “	2	11,722
13 “ “	0	0
14 “ “	1	<u>5,885</u>
		5,672,253

NNDR

	<u>Numbers</u>	<u>Amount Owing £</u>
1 Financial Year	589	856,335
2 Financial Years	296	1,187,971
3 “ “	87	419,124
4 “ “	22	153,826
5 “ “	6	34,775
6 “ “	5	51,357
7 “ “	1	11,628
8 “ “	0	0
9 “ “	2	<u>23,426</u>
		2,738,442

10. Performance Indicators.

Annual targets in respect of the Corporate Health Best Value Performance Indicators relating to the in-year Collection of Council Tax and Non-Domestic Rates have been set for the 2007/08 financial year as:

Council Tax	97.3% (96.9% achieved for 2006/07)
Non-Domestic Rates	98.0% (97.6% achieved for 2006/07)

These have been determined against the Government's expectations that Councils will aspire to achieve collection rates by the 31 March 2008 which would see performance to be in the top quartile for "All England" authorities – 98.29% for Council Tax and 99.1% for NNDR.

The interim collection rates achieved at the end of October 2007 as compared to the position this time last year show:

	Council Tax	NNDR
31 October 2007	66.2	68.3%
31 October 2006	66.1	67.5%
Change(percentage points)	+0.1	+0.8

It is pleasing to note that Council Tax collection is very slightly up on the previous year, although however not as good as for the same period in 2005/06 (66.7%). Comparative recovery actions in 2007/08 are at a more advanced position than was able in 2006/07 – delayed due to the problems following the document management upgrade applied in January 2006 – and show a similar position to those of 2005/06. Constant monitoring of the collection rate and associated factors continues. It is thought that general increases in household bills, mortgage repayments, energy and fuel costs are impacting on taxpayers ability to meet Council Tax payments on-time as we are experiencing more requests for longer time in which to pay their bills. An increasing number of taxpayers when opting to pay by direct debit are selecting to pay by 12 instalments (restricted to those choosing 6th of month only) which consequently gives rise to a slight delay in the payment profile and, although not relevant to the out-turn position at year-end, has some very minor impact on the month-end collection rate during the year.

The part-year improvement in performance in collecting Business Rates is largely down to the impact that the new Grand Arcade shopping development is having on our collection rate as payments of the new bills – amounting to over £2.3m issued – are now catching up with standard instalment profiles and delivering the improved performance expected.

However targeted, regular and frequent recovery actions against business ratepayers both by our own teams and by Rossendales (external bailiffs) are assisting to improve performance and I can report that during 2006/07, 677 liability orders in respect of that financial year and previous years were passed over to them. The total debt referred amounting to just over £1.5m. At 31 March 2007, a total of 168 liability orders had been collected in full, amounting to more than £280,000. By end of October 2007 this had increased to 329 liability orders collected in full, amounting to almost £580,000.

From April 2007, a further 353 liability orders - mainly in respect of 2007/08 - have been passed over to Rossendales with a debt of just over £940,000. At the end of October, 66 of these liability orders had been collected in full, amounting to almost £150,000.

The company still have action ongoing at various stages on a total of 295 liability orders from which a further £94,000 has been collected.

Liability Orders requiring bailiff visits for Council Tax payers within the borough are normally dealt with by our own officers, but due to the resignation of one member of staff and the delays in replacing with someone who, by law, is required to be a "certificated bailiff", we are intending to forward some of this Council Tax work to Rossendales for them to undertake visits and take recovery action on our behalf. In this short-term arrangement until the new officer is in place, cases will initially be targeted at those with the larger current year debts.

The current position in respect of Council Tax, NNDR and Poll Tax amounts collected in respect of all relevant financial years is given below to demonstrate the continuing progress made after the end of each financial year.

Council Tax	Amount Due	Amount Paid	% Collected
1993/94	44,721,035	44,517,103	99.54%
1994/95	41,296,784	41,141,663	99.62%
1995/96	43,812,316	43,643,808	99.62%
1996/97	50,003,832	49,779,712	99.55%
1997/98	54,479,347	54,195,955	99.48%
1998/99	57,706,591	57,368,317	99.41%
1999/2000	63,086,436	62,649,039	99.31%
2000/01	68,135,638	67,599,175	99.21%
2001/02	74,518,832	73,964,666	99.26%
2002/03	78,861,356	78,226,275	99.19%
2003/04	86,068,670	85,287,617	99.09%
2004/05	89,125,075	88,175,189	98.93%
2005/06	94,093,423	92,798,734	98.62%
2006/07	97,910,101	95,797,681	97.84%
Total	943,819,436	935,144,934	99.08%

NNDR	Amount Due	Amount Paid	% Collected
1990/91	37,683,592	37,018,432	98.23%
1991/92	37,770,004	37,246,510	98.61%
1992/93	32,625,346	32,233,746	98.80%
1993/94	28,418,404	28,050,120	98.70%
1994/95	29,384,939	29,091,946	99.00%
1995/96	32,486,361	32,145,633	98.95%
1996/97	34,947,314	34,540,836	98.84%
1997/98	38,544,005	38,064,859	98.76%
1998/99	43,594,319	43,036,194	98.72%
1999/2000	46,986,303	46,233,484	98.40%
2000/01	51,056,637	50,349,830	98.62%
2001/02	55,095,433	54,391,248	98.72%
2002/03	57,269,689	56,606,140	98.84%
2003/04	58,040,882	57,397,953	98.89%
2004/05	59,831,120	59,091,540	98.76%
2005/06	61,371,010	60,385,447	98.39%
2006/07	64,606,475	63,678,454	98.56%
Total	769,711,833	759,562,372	98.68%

Poll Tax	Amount Due	Amount Paid	% Collected
1990/91	63,872,296	63,005,854	98.64%
1991/92	45,950,732	45,191,474	98.35%
1992/93	53,523,880	52,561,057	98.20%
Total	163,346,908	160,758,385	98.42%

11. Update on Bankruptcy.

Since commencing bankruptcy proceedings in August 2005, we have instigated action against 103 people whose total debt amounted to over £575,000.

Of these 103, 47 people have paid in full, 37 people have been made bankrupt, and a Charging Order has been obtained on 1 person's property. The remaining 18 cases are at various stages of action.

In total, over £312,000 has been recovered – of which almost £278,000 represents payment in full with part payments against accounts (£34,000 obtained to date) continuing to be received.

Of the cases made bankrupt, the balance outstanding amounts to just over £165,000. These are now with the Official Receiver or appointed trustee who should now be looking to recover the debt via the sale of assets.

Bankruptcy proceedings are initiated as a last resort and only in respect of considerable debt and after all other methods of recovery available have been exhausted or cannot be used.

Initially, cases with a total debt of about £5,000 were targeted but now, some 2 years into use of bankruptcy, and with the success of this action, this amount has reduced to about £2,000 and the ongoing number of cases is slowly diminishing.

Members are reminded that use of these proceedings is restricted to cases where we have already undertaken preliminary Land Registry searches which suggest ownership of property and therefore offer good prospects for payment

12. Collection of Sundry Debtor Income

1. Background:

The Income Group collects Sundry and Periodic Income due from invoices raised by Council Departments, the Leisure Trust and GM Fire Authority. A comparison for the activity relating to invoices raised for Wigan Council for the first half of 2007/08 compared to the same period for 2006/07 is shown below:

Details	April 06–Oct 06	April 07–Oct 07
Invoices	22,655	21,628
Value £m	£32.6m	£40.9m

These results show a decrease of 4.5% in the number of invoices raised but an increase in the value of invoices by 25.5%. Many invoices were raised in both years and increases and decreases in charges are many and varied regular and one-offs. To give an example for some larger changes, an analysis of invoices raised for more than £250k shows the following: Invoices raised to:

- £4m relating to the development of Trencherfield Mill and related land sale.
- £3.2m for items relating to NHS funded Nurse Care following changes in the funding arrangements.
- £900k capital sales land at Frith Street
- £823k for development costs Leigh Sports Village.
- 600k for transport infrastructure improvement works.

Wigan Council also undertakes debt recovery work for the Leisure Trust and the GM Fire Service. From April 2007 to October 2007, invoices were raised valued at £18.7m and £1.6m, respectively. Details relating to the activity will be reported to the Leisure Trust and GM Fire Service separately.

2. Summary of Performance Information for Wigan Council.

Performance information is supplied to the Greater Manchester Authorities Metropolitan Treasurer's Group (GMAMT) and a copy of the return for Wigan Council for the year up to the end of October 2007 is shown here:

Details	Value
B/Fwd at 01.04.07	£6,589,112
Raised Apr–Oct 2007	£40,900,497
Total	£47,489,609

Debt over 3 months old	£1,271,220	2.6%
Debt with Legal	£68,992	0.14%

i) **Debt over 3 months: October 2006 compared to October 2007**

The debt over 3 months old has increased by £300k which, although a 25% increase in real terms, is not significant in the context of the increase in debt raised overall as the timing of debt is variable.

ii) **Debt with Legal Services:**

Only very few cases are referred to Legal, generally re-assignments of lease, but the value of cases with legal has increased from £54,745 in October 2006 to £68,997 in October 07.

3. Further Statistical Returns:

Wigan is a member of the CIPFA and GMAMT and has provided information for both on an annual basis for some years. The last CIPFA report was completed in August 2007 and in the comparator group once again I am pleased to announce that Wigan showed to be one of the best when it comes to:

- Debtors Days – Wigan takes 35 days on average to collect debt, the average for all comparator authorities is 79 days.
- Sundry debtors write-offs – for Wigan were 0.2%, the average 0.5%.
- Debt over 90 days old 4% – below the average of 5%.
- Debt over 365 days old – 11%, well below the average 35%
- Credit Notes raised 5.8% compared to the average of 7.7%
- The cost per invoice for Wigan was £6.26, compared to the average of £9.22.
- The cost per £1,000 of debt at Wigan is £3.33 compared to the average of £8.29.
- Good Practice came in at 83% well above the average of 72%.

Admittedly there are differences in the structures, service agreements, methods and procedures in other Councils and difficulty in extracting information that make a like-for-like comparison difficult, even so, these figures show that Wigan Council compares well with other Councils.

4. Improvements to Communications:

i) User Group Meetings:

User group meetings have now been held since September 2006 and has been a useful forum for questions and issues to be raised and to seek solutions to problems and to make improvements and suggestions for the future.

ii) User Training:

New and refresher training has undertaken since December 2006. Staff are not given access until training has been completed and this goes some way to increasing effectiveness and efficiency in user Departments.

5. Conclusions:

The Income Group has managed to function well in financial year to date. The CIPFA statistics for 2006-2007 have now been returned and once again Wigan Council is shown to be one of the best. Other Councils are working hard to improve their procedures and processes and statistics so work on the Income Group is striving to improve, to be as efficient and effective as possible and to continue to deliver their excellent service to both Departments and customers.

13. Benefits Administration

Claim Processing

Current processing times continue to exceed local and national targets and the major performance indicators are shown in the following table:

Category	01/04/07 to 31/10/07	2007/2008 Target
New claims (days to process)	29	30
% of New Claims processed within 14 days	85%	80%
Changes in Circumstances (days to process)	9	10

Benefit Reviews

Prior to 01/04/07, performance was measured against a target of the number of cases reviewed. From 01/04/07, the measurement is based upon the number of reductions in benefit discovered from changes in circumstances identified. Our target for the current financial year is 17,040 reductions in benefit. As at 31/10/07, our achievement against the annual target was 68%. This performance is the highest of all Greater Manchester Authorities and places us in second place in the country out of 408 Councils.

This performance statistic is on of the two major measurements from 1 April 2008 and we have already proved our excellence in this area of our work in advance of the changes from April.

Benefit Fraud

The DWP has set the Authority a target of 135 sanctions for 2007/08. Performance to date shows that the annual target has already been exceeded. This again keeps us in the excellent quartile in the area of fraud work.

Sanction Applied	No. of Cases
LA Caution	59
Administrative Penalty	37
Successful Prosecutions	41
Total	137

Diversity Impact Assessment form

Section: Revenues, Benefits and Miscellaneous Income

Policy/Service Area: Finance & IT

Person Completing Form: Alan Cartwright

Date: 21.11.07

Do any of the below groups suffer specific disadvantage (please indicate)

	Yes	No		Yes	No
Race		No	Disability		No
Ethnicity		No	Gender		no
Age		No	Religion		No
Class		No	Sexual Orientation		No

Is there evidence of disadvantage or associated problems?

No

How was the information collected and/or who have you consulted with?

N/A

Action Plan – *What specific actions are planned to tackle any disadvantage identified?*

N/A

Is the policy in line with current equality legislation and relevant codes of practice?

Yes

Timescale	n/a
Responsibility	n/a
Comments	n/a

Are the actions specified included in any other documents/plans?

Departmental Service Plan	Yes
Section/Team Plan	Departmental Service Plan
Other (Specify)	n/a

Date for further review	April 2008
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