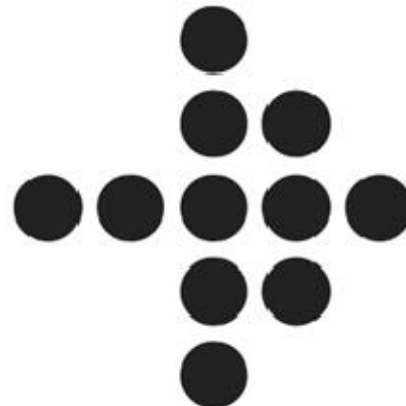


## WLBC Revenue Collection Review July 2013

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**Owner(s)** : Martin Jungnitz



## 1 Purpose

- 1.1 The purpose of this document is to review the collection processes in West Lancashire Borough Council (WLBC) for Council Tax and Non Domestic Rates.
- 1.2 The objective is to provide assurance that the processes are robust and will maximise revenue for the Borough Council during the remainder of 2013/2014 to ensure that the Collection Fund is not compromised.

## 2 Background

- 2.1 As part of the Northgate ICT implementation the databases used for the administration and collection of Council Tax and Non Domestic Rates had to change.
- 2.2 Under the agreed migration process with WLBC the old database on the Civica legacy system was closed down on **21 December 2012**. Prior to this the last recovery documents had been issued earlier in that month.
- 2.3 Following the successful migration of all data the Northgate ICT system went live on **23 January 2013**. As part of the migration process any accounts on reminder or final notice stage reverted back to the bill issued stage. Any summonses

previously issued had been moved on to Liability Order with the cases being issued to the bailiffs.

**2.4** During the remaining two months of 2012/2013, the focus of the Service had been to:

- Update the system by making changes to liability following contact from customers.
- Ensure the system was stable following the upgrades as a result of the Welfare Reforms and technical Changes.
- Preparing for the annual billing exercise for 2013/2014.
- Sign off the year end/ year start processes.
- Complete the QRC4 Return.
- Prepare the NNDR3 Return.

### **3 Current Position**

**3.1** The June 2013/2014 Quality of Service Report shows current year collection for both Council Tax and Non Domestic Rates is slightly below target. The Council Tax outturn for June is **0.17% below target** and for Non Domestic Rates is **0.91% below target**.

**3.2** The report shows that the collection of Council Tax arrears has improved during June 2013/2014 although the outturn remains **0.91% below the target of 6.90%**. In cash terms this shortfall is **£0.046million**.

**3.3** This shortfall was to be expected as recovery action has only recently commenced in respect of earlier years' debts. The current economic climate continues to impact nationally on the collection of NNDR.

## **4 Recovery Plan**

**4.1** A thorough review of the current position shows that the collection of both Council Tax and Non Domestic Rates for current and previous years can be expected to improve over the next few months.

**4.2** A recovery plan which covers both current and previous year Council Tax and NNDR arrears, has identified the following factors which will lead to this improvement and ensure that outstanding accounts move through the recovery process and a faster rate. The purpose of the planned recovery action is to ensure that annual interim contractual target for the year can be met. We would expect to close the gap in the current year and previous year arrears, reducing month on month. We will continue to monitor and report on this.

- Following comprehensive testing, **3758** Council Tax Reminder Notices were printed on **3<sup>rd</sup> July 2013**. Despatch of these higher value documents commenced on the same day and due to the numbers involved, despatch was staggered with the last of the notices being posted on **8<sup>th</sup> July 2013**.

- Despatch of the first Council Tax Support cases commenced on **12<sup>th</sup> July 2013** and the number of these lower value cases despatched daily has been restricted to **500 per day** due to the sensitive nature of the cases. A separate flyer has been included requesting customers to make contact to avoid additional costs and charges being incurred.
- The traditional recovery processes will continue and defaulting payers will be included on a complaint being made to the Magistrates Court for a Summons to be issued. The timescales for issuing these later documents will follow the regulations.
- The service has arranged monthly court hearings at the Magistrates Court.
- Once a Liability Order is granted a notice will be issued to the customer and if there is no further contact or payment forthcoming, the case will be issued to the Bailiffs for enforcement action.
- Recovery action is not limited to use of bailiffs. The Liability Order gives additional powers for collection including bailiff. However, if the customer provides employment or Benefit details we can then apply for an attachment to earnings via employers or an attachment to benefits via DWP. If the bailiff establishes there are insufficient goods at the point of levy, charging order (providing there is sufficient equity in the property), bankruptcy and committal to prison proceedings can then be considered.
- For those Council Tax Support cases subject to the recovery process, those cases will be issued to the DWP for direct deductions after a Liability Order has been granted. **The deductions will be £3.50 weekly until the debt is cleared.**
- The rationale remains the same as it has been historically i.e. current year recovery will take precedence over recovery for earlier years. We will negotiate payment of both current year and outstanding arrears. However, if unable to do so we would prioritise current year payment plan in addition to paying something off arrears by arrangement. This prevents customers incurring further costs for current year. Arrangements are monitored and default of either year results in further

recovery action.

- Arrangements made will be on the basis the current year instalments are paid with an arrangement for earlier years being based on a customer's financial situation.
- Recovery will be able to continue despite the volume of customer contacts awaiting processing due to the recovery suppression interface.
- Processing of customer contacts will be prioritised until all items are within 14 days.
- There needs to be a process developed for dealing with 'Gone Aways' to ensure defaulting customers are quickly traced and income maximised.

**4.3** The plan for **Non Domestic Rates** follows the plan for **Council Tax**.

## **5 Conclusion**

**5.1** This Recovery Plan follows the timescales set out in the regulations and incorporates some best practice from other local authorities. We continue to attend Lancashire wide Revenues and Benefits Manager group meetings where performance and best practice, are compared and shared. The detailed plan is set out in **Table (5.1)** below.

**5.2** To accelerate recovery and maximise income for the remainder of this financial year, it is suggested that a maximum of **two** Reminder Notices are issued during the year and the Final Notice stage is suspended. The second reminder would contain

the necessary information required as detailed in regulation, in relation to the full balance for the year becoming due and payable prior to a summons being issued and this would be in line with best practice. Table (5.1) below includes this process going forward. Other aspects of best practice included in this plan are adhering to Regulations, ensuring customers do not get further into debt by agreeing realistic arrangements and taking a firm, but fair approach. Should the Council not wish to adopt these recommendations, there will be an adverse impact on collection performance. Adhering to the plan within **Table (5.1)** will maximise income to the Borough Council for the remainder of the financial year:

Recovery Document	Run 1	Run 2	Run 3	Run 4	Run 5	Run 6
<b>Instalment Due Date</b>	2/4/13 - 15/6/13	2/4/13 - 15/7/13	2/4/13 – 28/8/13	2/4/13 – 15/10/13	2/4/13 – 15/12/13	25/2/14
<b>Reminder Issue Date</b>	3/7/13, 10/7/13 – 17/7/13	7/8/13	6/9/13	23/10/13	3/1/14	25/2/14
<b>Second Reminder Issue Date</b>	26/7/13, 31/7/13 – 6/8/13	16/8/13	16/9/13	4/11/13	13/1/14	7/3/14
<b>Final Notice issue Date</b>	5/8/13 – 14/8/13	26/8/13	27/9/13			
<b>Complaint Date</b>	20/8/13 & 30/8/13	10/9/13	14/10/13	18/11/13	24/1/14	17/3/14

Recovery Document	Run 1	Run 2	Run 3	Run 4	Run 5	Run 6
<b>Summons Issue date</b>	20/8/13 & 30/8/13	10/9/13	14/10/13	18/11/13	24/1/14	17/3/14
<b>Court Hearing</b>	16/9/13 & 23/9/13 (CTS)	7/10/13 & 14/10/13 (CTS)	4/11/13 & 11/11/13 (CTS)	9/12/13 & 16/12/13 (CTS)	10/2/14 & 17/2/14 (CTS)	7/4/14 & 14/4/14 (CTS)
<b>Liability Order Notice Issue Date</b>	16/9/13 & 23/9/13 (CTS)	7/10/13 & 14/10/13 (CTS)	4/11/13 & 11/11/13 (CTS)	9/12/13 & 16/12/13 (CTS)	10/2/14 & 17/2/14 (CTS)	7/4/14 & 14/4/14 (CTS)
<b>DWP Deduction Request Issued</b>	30/9/13 & 7/10/13 (CTS)	21/10/13 & 28/10/13 (CTS)	18/11/13 & 25/11/13 (CTS)	6/1/14	14/2/14 & 3/2/14 (CTS)	21/4/14 & 28/4/14 (CTS)
<b>Issue to the Bailiff</b>	30/9/13 & 7/10/13	21/10/13 & 28/10/13 (CTS)	18/11/13 & 25/11/13 (CTS)	6/1/14	14/2/14 & 3/2/14 (CTS)	21/4/14 & 28/4/14 (CTS)

Table 5.1: Recovery Timetable 2013/2014.

### 5.3

As detailed in the proposal provided to the Borough Council on 07 May and further clarified on 21 May 2013, it has been estimated that as a consequence of the abolition of Council Tax Benefit and the changes to empty property exemptions and discounts, that there would be an additional **£1.48M** debit to collect which could involve an additional 2,200 cases where



recovery action may be necessary.

Within that proposal, it was estimated that a minimum of an additional **2 FTE** would be required to deal with this increased demand/workload, but the Borough Council indicated that it would not agree to this and the above proposal was therefore amended to reflect an additional **1 FTE**, with a consequential impact on the estimated revised collection rate.