

PART 1 - PUBLIC

Decision Maker: Executive & Resources PDS Committee

Date: 25 February 2010

Decision Type: Non-Urgent Non-Executive Non-Key

Title: REVENUES SERVICE MONITORING REPORT

Contact Officer: Phil Burnstead, Assistant Director Exchequer & Revenues
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Chief Officer: Paul Dale

Ward: All

1. Reason for report

- 1.1 This report provides information regarding the performance of the Revenues Services provided by Liberata on behalf of the Council and other Revenue areas outside the Liberata contract up to the 31 December 2009. A letter from Janine Tjassens, Liberata's Regional Director, provides her report over the period in general in each individual service and is attached at Appendix 1 with statistical data relating to the Revenues service shown in Appendix 2.

2. RECOMMENDATION(S)

- 2.1 The PDS is requested to note the information contained within the report and the letter provided by Liberata detailed in Appendix 1.

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: 400003
 4. Total current budget for this head: £3.4m
 5. Source of funding:
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Staff

1. Number of staff (current and additional): 8 plus Liberata staff
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The amount of legislation that the services have to work to are too excessive to list here, but some are listed below:

Local Government Finance Act 1992, Part 1 of schedule 1, Reg 23, Reg. 34 (1), Reg. 35(2A), Reg. 34 (7), Reg. 54(4), Reg 45, Reg. 37, Reg. 47, Reg. 49, Reg. 50 (3) & Reg. 51 of the Administration and Enforcement Regulations 1992, Section 18 Local Government and Housing Act 1989), The Council Tax (Deductions from Income Support) & (Regulations 1993 as amended by the Social Security Act 1998), The Insolvency Act 1986, The Land Charges Act 1972 and the Land Registration Act 1925), The Local Authorities (Contracting Out of Tax Billing, Collection and Enforcement Functions) Order 1996

Local Government Finance Act 1988, Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations of 1989, Local Authorities (Contracting out of Tax Billing, Collection and Enforcement Functions) Order 1996, Statutory Instrument 1989/1058 Regulation 11(2), Statutory Instrument 1989/1058, Regulation 8(2), Statutory Instrument 1989/1058, Regulation 12(1), Statutory Instrument 1989/1058 Regulation 12(5), Local Government Act 1972, section 223, Statutory Instrument 1989/1058, Regulation 12(3), Schedule 6 of the Magistrates Courts Act 1980.

Late Payment of Commercial Debts (interest) Act 1998, Section 69 of the County Court Act 1984, Environmental Protection Act 1990 Section 80, Housing Act 2004, Local Government (Miscellaneous Provisions) Act 1980

National Insurance and Statutory Payments Act 2004, Gender Recognition Act 2004, Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, Local Government Pension Scheme (Transitional Provisions) Regulations 2008, Local Government Pension Scheme (Administration) Regulations 2008, Local Government Pension

Scheme Regulations 1997 (only those provisions not revoked), Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, Pensions Increase Act 1971 and annual Pensions Increase (Review) Orders & Colleges of Education (Compensation) Regulations 1975

2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners, this could amount to an estimated 175,000 people.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The small Exchequer Services Team (Revenues) monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations and audit requirements. Another small team undertake the general income function for the Council.
- 3.2 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management, and to further illustrate the commitment to the continuous improvement agenda the Heads of Service of Liberata and Bromley meet every fortnight to deal with escalated issues, review policies and to develop new ideas and Liberata's Regional Director and the Assistant Director Exchequer & Revenues have been meeting fortnightly.

Council Tax

- 3.3 There has been concern over the level of collection compared to that of last year every month since April and it was only at the end of May that it was discovered that an inappropriate recovery suppression had been used which obviously adversely affected performance and unfortunately the suppression was not fully removed until early July 2009.
- 3.4 The in-year collection performance for the period from the 1 April 2009 to the 31 December 2009 was 85.50% which is 0.52% behind that for the same period last year which was 86.02%. The current and arrears collection performance has also dropped by 0.63% to 85.19% from 85.82% at the same stage last year.
- 3.5 It is noticeable that there has been an increase in recovery action for the first nine months of this year compared to all of last year with 1,518 more summonses being issued and with 1,219 more Liability Orders being obtained from the Magistrate's Court.
- 3.6 The answering and actioning of correspondence during this period has been well managed and there have many weeks in the last few months where there has been no correspondence outside SLA which is impressive.

Business Rate

- 3.7 The in-year collection performance for the period from the 1 April 2009 to the 31 December 2009 was 88.83% compared to 89.69% to the same period last year, a decrease of 0.86%. It was expected that performance for in-year collection would suffer because of the difficulties faced by business during the current economic climate. The combined in-year and arrears collection performance for the same period was 86.96% compared to 88.08% which is also a decrease of 1.12%.
- 3.8 The Government recognised the adverse affect on businesses with the excessive RP increase in the national multiplier and the great affect on those businesses that suffered as a result of transitional arrangements ceasing this year. Regulations came into force on the 31 July 2009 that enable Ratepayers to request to defer their business rates for 2009/10 over a three year period so that if a Ratepayer's bill has increased as a result of the end of the current transitional relief period, they may be able to defer 60% of the increase in their bill. If a Ratepayer was not affected by transitional relief, they can request to defer 3% of their total 2009/10 bill. Ratepayers can apply at any time until 31 March 2010 provided they have some of their bill left to pay. If they have less than 3% left to pay, they can defer their remaining balance. Explanatory letters and application form was sent out to all Ratepayers on the 11 August 2009. To the 31 December 2009 there are 419 cases with a deferred value of £545,742.56.

- 3.9 Where possible extended payment arrangements to clear the business rates over 12 months have been accepted to help businesses throughout the year. There have been 28 accounts where arrangements have been accepted.
- 3.10 The Valuation Office Agency has revaluated the rateable values which will be effective from 1 April 2010. Over a million properties will see their business rate liabilities come down as a result of the revaluation. The Government intends to put in place a relief scheme to limit the impact on the minority with bill increases. This relief scheme is known as 'Transitional Relief Scheme'. The transitional relief scheme will be effective from 1 April 2010 and will be phased in over a period of 5 years. There will be annual caps on both increases and decreases in the rateable value, with different caps for small and large properties.
- 3.11 Business Rates Supplement (BRS) will come into effect from 1 April 2010. All properties with a rateable value of £55,000 and above will be charged a 2% supplement on their rates payable to help fund Cross Rail. Charities and Community Amateur Sports Clubs will receive 80% relief from the BRS and empty properties will be exempt from this supplement. It is envisaged that the BRS will continue for a number of years and a leaflet giving a full explanation with regards to the BRS will be issued with the Annual Bills for Business Rates in March 2010. The Department for Communities and Local Government will reimburse the Council for any "set up" costs.

Cashiers

- 3.12 The cashiering and cash collection service provided a reliable and dependable service both at the Civic Centre and at the Walnuts office in Orpington. Accuracy was 99.36% and the amount of unidentified payments held in the exceptions account as at the 31 December 2009 was £1,320.60 made up of 16 items. Transaction details are shown in Appendix 2.

Sundry Debtors

- 3.13 Sundry debts are measured on what remains outstanding each month. At the 31 December 2009, there were 2,980 invoices outstanding, with an income figure totalling £ 7.952m. Of these 25.7 % (768 invoices) had been outstanding for less than 60 days, to the sum of £4.286m of which £3.736m was less than 30 days old.
- 3.14 At the 31 December 2009 the outstanding sundry debt was £7.952m with £3.811m of invoices being overdue and going through the dunning /reminder cycle, whilst £4.141m was awaiting dunning action.
- 3.15 A snap-shot of the aged debt analysis at the 31 December 2009 appears at Appendix 3, with the 12 month trend displayed at Appendix 4, with the corresponding number of invoices reflected in the trend being shown at Appendix 5. The "spike" in November 2008 was due to one invoice of £5m being raised to the Bromley Primary Care Trust (BPCT) and likewise in December 2009 two invoices totalling nearly £3 million were raised to the BPCT.

Payroll

- 3.16 Accuracy performance of the Employee Payroll (excludes pension payroll) for the period to the 31 December 2009 was 99.82% with the Pensions Payroll being 99.99%.
- 3.17 99.78% of correspondence and enquiries received between April and December 2009 was completed within the 10-day deadline.
- 3.18 Throughout the year Liberata staff have contributed to the Single Status project by investigating data and providing information and advise required by HR and are now working

additional hours to undertake all the work necessary to deliver Single Status whilst still delivering “Business as Usual”.

Pensions

3.19 Membership numbers recorded on the pensions administration system as at 31 December 2009 were 5353 actives, 3556 deferreds and 4380 pensioners.

4. FINANCIAL IMPLICATIONS

4.1 The report refers to the significant income collection undertaken through the Exchequer Services contract with Liberata

Non-Applicable Sections:	[Policy, Legal and Personnel
Background Documents: (Access via Contact Officer)	