

Decision Maker: EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Wednesday 6 January 2016

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

Title: REVENUES SERVICE MONITORING REPORT

Contact Officer: John Nightingale, Head of Revenues and Benefits
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides information regarding the performance of the Revenues Services provided by Liberata for the 6 months up to 30 September 2015. A letter from Amanda Inwood-Field, Liberata's Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the Revenues service shown in subsequent appendices

2. **RECOMMENDATION(S)**

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

The Resources Portfolio Holder is requested to agree:

- (i) to introduce charges on payments made corporately via credit card with effect from 1st April 2016, with authority delegated to the Director of Finance to vary the rate from an initial rate of 2.25%, and
- (ii) in principle that charges be introduced on credit card payments made via the Parking and Adult Education systems, with the final decision delegated to the relevant Chief Officers following a cost/benefit appraisal.

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
2. Ongoing costs: Not Applicable:
3. Budget head/performance centre: 400003
4. Total current budget for this head: £3.49m
5. Source of funding:

Staff

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

Legal

1. Legal Requirement: Statutory Requirement. The amount of legislation is too extensive to cite in full, below are detailed the major Acts and Regulations covering the services:

Local Government Finance Act 1988

The Council Tax (Administration and Enforcement) Regulations 1992

Local Government Finance Act 2012

Rating Law and Practice: England and Wales

LGPS Regulations 2013

2. Call-in: Applicable:

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, Members and Pensioners, this amounts to an estimated 138,000 households.

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 Revenues and Benefits Team 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, contractual obligations and audit requirements. A summary of performance by the services is contained in Appendix 2.

To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. The Heads of Service of Liberata and Bromley meet regularly to deal with escalated issues, review policies and develop new ideas.

3.2 Council Tax

The in-year Council Tax collection rate for the first six months of 2015/16 was 58.33%, this was 0.46% higher than achieved in the previous year.

Coincidentally the performance on collection of the current year and arrears was the same as that for in-year at 58.33%, a positive variance of 0.45% on the same time as the previous year.

3.2 Business Rates

The in-year collection performance for the first six months of 2015/16 was 57.73%, this was 0.08% lower than the previous year. However, it should be noted that a significant number of accounts have now opted for 12 monthly instalments. Without this change to payment profile, the collection rate would be improved on that of the same time last year.

In respect of the collection rate for in-year and arrears, the mid-year collection rate was 56.55%, which is down 0.11% on the same time as last year.

3.4 Cashiers

The payment kiosk sited in the Civic Centre central reception continues to take high volume of payment. However, the amount taken has reduced on a month by month basis since April.

Customers continue to be encouraged to transfer to payment by direct debit.

3.5 Payroll

The number of employees paid on the September 2015 payroll was 3909.

During the six months to the end of September, 11 schools converted to Academy status thereby creating additional work for the Payroll Section

The new Teachers' Pension Scheme was successfully implemented in April 2015.

3.6 Pensions

Membership numbers recorded on the pension's administration system as at 30 September 2015 were 5985 actives, 5172 deferreds and 5026 pensioners.

3.7 Council Tax Penalties

The Council Tax Section is currently investigating the merits of imposing of a Council Tax penalty of £70 where a person:

- fails to notify the authority, without reasonable excuse, on any matter which affects entitlement to discount;
- fails to notify that their dwelling is no longer an exempt dwelling;
- fails to notify the Authority that they are jointly liable for the tax;
- fails to supply relevant information requested in order to establish liability;
- fails to supply relevant information requested after the issue.

Where a penalty has already been supplied and further requests for the same information are made additional penalties of £280 can be applied.

The charge payer has the right of appeal against the levying of a penalty to the Valuation Tribunal.

Penalties are recovered in the Magistrates Court.

The Academy Revenues and Benefits computer system is unable to process Council Tax Penalties and an alternative administration procedure would need to be employed. Only 2 other London authorities have been identified as imposing penalties, whilst others have commenced investigations they have not progressed with the proposal.

Reviews of alternative delivery models are being undertaken to identify whether the projected income will exceed the additional costs incurred. Whilst taking into account that the introduction of the scheme would act as an “incentive” for residents to promptly advise of a change in their circumstances.

3.8 Payment by Credit Cards

Credit card commission charges are levied on all payments made via credit card to the Council. The rates vary for the different types of credit card e.g. Visa/Mastercard and system e.g. Corporate Income, Parking, Adult Education. The average rate for Corporate Income, based on usage for the period August-October 2015 and the rates that will come into effect from 1st January 2016 is 2.27%.

A total of around £1.1m income is received corporately per annum via credit card, £160k for Parking (excluding PCNs, as a credit card charge cannot legally be added to a PCN as it materially changes the price of the notice), and £180k for Adult Education.

Further work will need to be undertaken around the possibility/cost of implementing a credit card charge for Parking and Adult Education systems; it is therefore requested that the final decision is delegated to the Director of Environment and Community Services and Chief Executive respectively following an appraisal of the cost of implementing a charge and the likely benefit, with a charge rate to be set in consultation with the Director of Finance.

It is proposed that a charge of 2.25% of the transaction value is introduced on all corporate payments made to the Council via credit card, and to allow Council Tax and Business Rates payments to be made via credit card. As the intention is to recover the commission that is charged to the Council, it is requested that authority be delegated to the Director of Finance to

vary this rate as appropriate e.g. when the commission rates change, or when a change in the mix of card type usage results in a change to the average commission rate.

It is anticipated that those customers who can afford to pay by other means such as debit card, and who only use their credit card for the interest free period or for cashback/reward points, will switch to those other methods. This will therefore reduce the income received from the credit card charge; however the Council will not incur the credit card commission charges. Debit card commission charges are currently 0.434%, so there should be a reduction of around 1.84% relating to those customers who switch to debit card payments. Bank charges for other methods of payment such as cheque or cash are currently lower than that for debit cards, so the savings might be slightly higher.

4. FINANCIAL IMPLICATIONS

It is anticipated that introducing a charge on credit card payments made via the corporate system at a rate of 2.25% would generate net additional income of £21k per annum as shown in the table below.

	£'000
Corporate credit card charge income (on £1.1m)	25
Est reduction for customers switching payment methods	-10
Net income receivable	15
Saving on commission charges for customers switching payment methods	7
Additional support/maintenance cost	-1
Net income/saving per annum	21

The cost of implementing the charge for the corporate system is estimated at £13k, which will be met from underspends within Financial Services, and the ongoing support/maintenance cost is £1k.

If charges are also introduced for Parking and Adult Education, it is estimated that this could result in a further £3k and £4k of income respectively.

These savings will be used to offset the increase in costs that have been evidenced across all three income systems.

In addition, by recovering the commission charges for credit card payments for Council Tax and NNDR, there will be a further minor saving related to the current payment method processing costs.

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