

Additional Revenues Team Resources

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Purpose of the report

1. The purpose of this report is to set out the case for additional resources for the Revenues Team which forms part of the Revenues and Benefits Service.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of December 2014.

Public Interest

3. This report outlines the need for more staff within the Revenues and Benefits service.

Recommendations

That District Executive approves

- a) The addition of four additional Grade 3 Revenues Officers to the establishment;
- b) That the cost in 2014/15 of £24,050 is funded from Unallocated Balances in 2014/15 and the full year cost of £96,220 is added to the MTFP for 2015/16.

Background

4. There have a number of significant changes to Council Tax and Business Rates since that review was carried out which have led to a substantial increase in the level of work demand. They are listed below:-
5. Council Tax
 - Introduction of Empty Homes Premium (April 2013)
 - Local discounts replace national exemptions for properties which are uninhabitable and newly unfurnished & unoccupied (April 2013)
 - Removal of discount for second homes and long term empty homes (April 2013)
 - Council Tax Reduction replaced Council Tax Benefit (April 2013)
 - Addition of alternative instalment scheme – 12 instalments (April 2013)
 - Changes to bailiff fee structure (April 2014)
 - The number of Council Tax properties has increased from 71,085 in April 2008 to 74,443 in April 2014 an increase of 5%

6. Business Rates

- Implementation of Rates Retention Scheme (April 2013)
- Introduction of Retail Relief (April 2014)
- Introduction of Reoccupation Relief (April 2014)
- Addition of alternative instalment scheme – 12 instalments (April 2014)

7. Other factors

- The Government's Welfare Reform Programme
 - Housing Benefit Cap
 - Removal of the bedroom subsidy (commonly known as the bedroom tax)
 - Changes to disability benefits
- The continuing impact of the recession – people have built up debt over this time
- Wages rises outstripped by inflation over the last five years affecting people's ability to pay

8. The Council Tax changes have resulted in a substantial increase in the amount of Council Tax to be collected. The most significant of these was the replacement of Council Tax Benefit with a local Council Tax Reduction (CTR) scheme in April 2013 for working age customers. Approximately 4,000 CTR recipients started paying Council Tax for the first time, paying a minimum of 15% of the annual charge. A further 2,500 people started paying an increased annual charge. The total increase in collectable Council Tax from CTR implementation alone is approximately £1m a year.

9. Overall the amount of Council Tax to collect has increased from £76.1 million in 2008 to £85.2 million in 2014, an increase of 12%.

10. A comparison between 2012/13 and 2013/14 of the number of recovery notices (reminders/second reminders/final notices/summons), the number of Liability Orders granted by the courts, and the number of cases being passed to the bailiff has increased by 36.3% as shown below:-

Council Tax Recovery

	2013/14	2012/13	% Increase From 12/13 to 13/14	CTRS Volume of 2013/14 Recovery Work	CTRS % of 13/14 Work
1st Reminders	18,719	13,294	40.8	5,928	31.7
2nd Reminders	3,675	3,281	12.0	1,145	31.2
Final Notices	1,611	596	170.3	439	27.3
Summonses	7,871	6,472	21.6	2,456	31.2
Liability Orders	4,678	3,255	43.7	1,405	30.0
Bailiff Assignments	3,851	2,757	39.7	-	-

Total Volumes	40,405	29,655	36.3	11,373	28.1

11. Prior to April this year cases that were referred to the bailiff incurred certain additional fees. The fee structure was:

Stage	Fee
1 st visit	£24.50
2nd visit	£18.00
Distress	
1 st £100 of debt	£24.50
£100 to £500 of debt	4% of sum owed
£500 to £2000 of debt	2.5% of sum owed
£2,000 to £10,000	1% of sum owed
Attendance with a vehicle	Reasonable costs and fees
Removal of goods	Reasonable costs and fees
Auctioneers fees	Commission + costs + out of pocket expenditure

12. From April this year bailiffs are called Enforcement Agents and the fee structure has been changed to make it more transparent and to provide debtors with some certainty about the level of fees they will be charged.

Fees due at each stage	Fixed fee	Percentage fees (payable depending on size of debt) up to £1,500 more than £1,500	
Compliance Stage (incurred when case is received by the enforcement company)	£75.00 per liability order	0%	0%
Enforcement Stage (incurred at the Enforcement Agents' first visit if you do not make an arrangement or if you default on your arrangement)	£235.00	0%	7.5%
Sale or Disposal Stage (incurred if the Enforcement Agent attends with a view to removing goods)	£110.00	0%	7.5%

13. This has required us to increase the debt threshold at which we refer cases on to the Enforcement Agents for collection. This means that the cases with smaller debts that would previously have been sent to the Enforcement Agents for collection will now need to be collected by the Revenues Team. In addition we have cases where the debtor is deemed to be vulnerable and it is not appropriate to send them to the Enforcement Agents.
14. With all of these changes we have recognised that there is a need for more prevention or early intervention work and to reach residents before they get into substantial arrears. This will require direct contact with the debtor (normally by phone) to agree a course of action / payment arrangement. While more time consuming, it is significantly more successful in securing payment than simply issuing more letters, which has already failed and is why they have reached this point in the Recovery process.

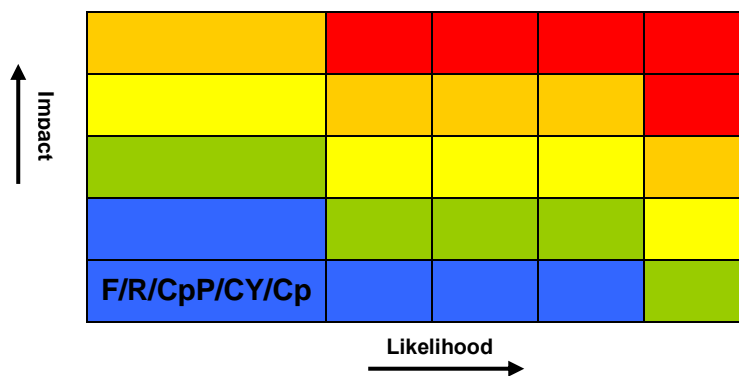
15. The team has had a backlog of work for a number of months which means that customers have waited a number of weeks to have their account updated. This can mean that customers have fewer instalments in which to pay their Council Tax or Business Rates, which in turn can impact their ability to pay the amount due on time.
16. The team typically issues 2,000–4,500 reminder notices and a further 800–1,300 summons each month. Unless the customer calls simply to make a payment it is necessary, due to the complexity of range of issues customers have, for them to be transferred to the Revenues Team. There is currently insufficient resource in the Revenues Team for Customer Advisors to be able to transfer incoming calls through.
17. There is a detrimental impact on the Contact Centre with Customer Advisors having to explain that they are unable to put the caller through. This then ties up that phone line leading to higher levels of call abandonments, and complaints from other customers that they are unable to get their call answered. Again this negatively impacts customer satisfaction. It also causes difficulties for those advisors with 'on hold' calls waiting to put the calls through.
18. SSDC's Council Tax collection rate is in the 4th quartile compared to all other Districts. The lack of resources has led to backlogs of work and an inability to regularly and consistently monitor outstanding debt cases is adversely impacting on the ability to effectively maximise collection of Council Tax and Business Rates. Both are important revenue streams for the council and the collection performance is a cause for concern.
19. The consequence of a reduced in-year collection rate is that a higher level of arrears is carried forward to the next year. The older debt becomes the more difficult and resource intensive it is to collect. Collection performance has also been highlighted as an issue by our external auditors.
20. When we undertook the original demand/capacity calculation in 2008 we demand information into a "Lean calculator". Using this same methodology with the current level of demand being fed into that calculator it reveals that an additional 4 FTE's are required.
21. A caseload per FTE benchmarking with Taunton Deane and East Devon Councils has shown that our officers have a substantially higher level of workload per FTE. Scaling SSDC's FTE's to match the ratio of those councils supports the "Lean calculator" outcome of the need for an increase of 4 FTE's.
22. The current level of demand is not temporary and cannot be solved by a short term increase in resources. To address the issues of work backlogs, lower collection rates, customer service, team pressure and staff retention we need to put additional permanent resources into the Revenues Team.
23. Starting the recruitment process straight away, we anticipate would enable us to get those new starters in place and trained in time to see some improvement to the

collection rates for 2015/16 and further improvements for 2016/17, and deliver a reduction in the former year arrears debt outstanding.

Financial Implications

24. The cost of an additional 4 Revenues Officers at a Scale 3 would cost £96,220 at the top of the grade. The officers are not expected to travel and they can be accommodated in Revenues and Benefits without any additional set up costs.
25. If Members agree the recommendations the cost in 2014/15 of £24,050 would be found from Unallocated Balances. Unallocated Balances would remain within the risk assessed requirements made. An escapable commitment of £96,220 will be added to the Medium Term Financial Plan for 2015/16.

Risk Matrix



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

Providing well managed cost effective services valued by our customers.

Carbon Emissions and Climate Change Implications

None

Equality and Diversity Implications

None.

Privacy Impact Assessment

None

Background Papers

None