

**REPORT TO:** FINANCE COMMITTEE - 12 SEPTEMBER 2005

**REPORT ON:** FINANCE DEPARTMENT REVENUES DIVISION  
- COUNCIL TAX COLLECTION AND BENEFIT  
ADMINISTRATION PERFORMANCE

**REPORT BY:** DEPUTE CHIEF EXECUTIVE (FINANCE)

**REPORT NO:** 496-2005

**1 PURPOSE OF REPORT**

The purpose of this report is to update the Committee on the Finance Department Revenues Division current performance on Council Tax collection and benefit administration.

**2 RECOMMENDATIONS**

The Committee are asked to note the contents of this report.

**3 FINANCIAL IMPLICATIONS**

- 3.1 An improved in-year Council Tax collection will enhance the Council's cash flow position and generate additional interest on Revenue Balances. This effect is projected to provide an additional £75,000 per annum in a full financial year. It should be noted that the earlier receipt of Council Tax income has a fairly marginal effect on the Council's overall funding, and not the significant effect often portrayed in the media.
- 3.2 The improvement in the administration of Council Tax and Housing Benefits will have no direct financial implications for the City Council, but will ensure that the recipients of these benefits receive notification as early as possible, and therefore reduce the risk of them building up Council Tax and rents arrears.

**4 LOCAL AGENDA 21 IMPLICATIONS**

None.

**5 EQUAL OPPORTUNITIES IMPLICATIONS**

None.

**6 BACKGROUND**

- 6.1 The Finance Department Revenues Division, like many other areas within Scottish local government, have moved to a culture of performance measurement and monitoring. The performance of the Revenues Division is focused on the delivery of the key services of Council Tax/Poll Tax/Non Domestic Rates collection and the administration of Council Tax and Housing Benefits.

**7 COUNCIL TAX COLLECTION**

- 7.1 In terms of Council Tax collection, this is the subject of a Statutory Performance Indicator which is defined as "The percentage of council tax due in the year, collected by the end of the year.

- 7.2 Historically the City Council's Statutory Performance Indicator for Council Tax collection has been lower than the Scottish average, as demonstrated in the following table:-

<u>Year</u>	<u>Dundee</u> <u>%</u>	<u>Scottish Average</u> <u>%</u>
1996/97	85.5	86.8
1997/98	85.5	87.3
1998/99	85.7	87.2
1999/2000	86.6	88.3
2000/01	85.0	89.2
2001/02	85.0	90.6
2002/03	85.7	91.4
2003/04	86.2	91.7
2004/05	87.0	N/A

- 7.3 In the 1999 Audit Scotland report on Council Tax collection, it was acknowledged that Councils with high density of population and relatively high levels of deprivation will have lower levels of Council Tax collection. The three Scottish Councils with the highest levels of deprivation are Glasgow, Dundee and West Dunbartonshire, and these three Councils have, with only one or two exceptions, had the lowest Council Tax collections every financial year since 1996.
- 7.4 The table in Paragraph 7.2 demonstrates that while there has been a continuous improvement year on year, it has been only marginal and in 2004/05 the Council is likely to have one of the lowest levels of Council Tax collection, due in part to the reasons referred to in Paragraph 7.3. In light of this historical situation the Finance and Personnel Committees on 19 May 2003, approved a report setting up a New Recovery Initiative for the collection of outstanding Council Tax and Poll Tax. This new recovery process was delayed in its implementation until February 2005 due to software development problems. While it is relatively early in the operation of this new collection and recovery process, the results are very encouraging, with the comparison of the equivalent period in 2003/04, 2004/05 and the current financial year 2005/06 detailed below:-

<u>Cumulative to</u> <u>end of month</u>	<u>2003/04</u> <u>%</u>	<u>2004/05</u> <u>%</u>	<u>2005/06</u> <u>%</u>
July	32.6	33.1	34.3
Final Collection at 31 March	<u>86.2</u>	<u>87.0</u>	

It can be seen from the above table that collection for the 4 months to 31 July 2005 is 1.2% ahead of 2004/05 collection for the same period and is well on course to achieve the target of 90% in-year collection by 2007.

- 7.5 While the major reason for the improved in-year Council Tax collection is the new Recovery Initiative, additional reasons may be that the Council Tax books were replaced with plastic cards on 1 April 2005, and the Council has been promoting Direct Debit as a more efficient method of paying Council Tax. In addition the Council now offers citizens the options of making payment via the Internet and by debit/credit card at Council offices. In the month of June 2005, the amount of Council Tax paid over the Internet was £350,000 and the debit/credit card payments at Council offices were £207,000.

- 7.6 In conclusion, by introducing a more rigorous and timely Recovery process for Council Tax and by offering more convenient methods of payment for Council Tax payers, the level of in-year Council Tax collection has shown a significant improvement over previous years.

## 8 COUNCIL TAX AND HOUSING BENEFIT ADMINISTRATION

- 8.1 The administration of Council Tax and Housing Benefit is the subject of both Statutory and Department of Works and Pension (DWP) Performance Indicators.
- 8.2 In respect of the two combined Statutory Performance Indicators (SPI) and DWP indicators the figures in the financial years 2003/04 and 2004/05 show an improvement, as demonstrated below:

	<u>Financial</u> <u>Year</u> <u>2003/04</u>	<u>Financial</u> <u>Year</u> <u>2004/05</u>	<u>Quarter to</u> <u>30 June 2005</u>
Days to process new application	83	57	30
Days to process change in circumstances	26	20	20

- 8.3 The improvement in processing times delivered in 2004/05 have been consolidated in the current financial year with the number of days for new applications in the quarter to 30 June 2005 recorded at 30 days, a significant improvement on the 2004/05 performance of 57 days, and for the first time for many years within the DWP target of 36 days. In the month of July the performance indicator has reduced further to 28 days. In respect of the number of days for change in circumstances the performance indicator for the quarter to 30 June 2005 has continued at the 2004/05 level of 20 days.
- 8.4 The further performance indicator that is used by the DWP is the proportion of new applications determined within 14 days. This probably more than any indicator demonstrates the Revenues Division improvement in benefit administration. The following table shows a consistent and significant improvement over the period since 2003/04.

Financial year 2003/04	72%
Quarter to 30 June 2005	74%
Quarter to 30 September 2005	76%
Quarter to 31 December 2005	80%
Quarter to 31 March 2005	87%
Quarter to 30 June 2005	94%

- 8.5 The effect of this consistently good performance on benefits administration is that our customers now received notification timeously, and accordingly there is less risk of them accruing council tax and rent arrears.
- 8.6 The reasons for the improvement in the benefits administration are varied, but the main reasons are as follows:
- 8.7 Reduction in the number of days clients are allowed to return outstanding information from 56 days to 28 days.  
Liaison Staff now make home visits to gather outstanding information.  
Introduction of detailed performance management.  
Best Value Review improved the quality of forms used.

Over 150 Housing department and Housing association staff have been trained to take benefit applications.

Call Centre introduced which now deals with all benefit calls at the first point of contact.

**9 CONSULTATION**

- 9.1 The Chief Executive and Depute Chief Executive (Support Services) have been consulted on the content of this report.

**10 BACKGROUND PAPERS**

None.

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**1 SEPTEMBER 2005**