

Audit and Finance Scrutiny Panel

Review of Income Collection

April 2004

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1. Introduction

- 1.1. The Audit and Finance Scrutiny Panel has undertaken a wide ranging review of the Councils income collection and debt management practices across a range of service areas and corporately. The review examined areas of concern identified by the Audit Commission's 2001/02 annual letter in relation to income collection and debt levels.
- 1.2. The Review was carried out in phases with the initial witnesses sessions and research eliciting evidence relating to the Council's Benefits and Local taxation service. During this phase, many corporate themes emerged. Following this phase an interim report was presented to the Panel and recommendations agreed.
- 1.3. The second phase of the review was concerned with the income collection processes of the Parking service, the collection of housing rent and leaseholder charges and debt management procedures and action in these areas. During the course of the evidence gathering, similar themes arose which cross-cut all services.
- 1.4. On the whole, Members have recognised that while much good work has occurred to address the problems identified by the Audit Commission, the Council lacked robust corporate debt management structures. The recommendations made by Members arising from the work of the review, are designed to strengthen the Council's corporate approach to debt management and to add to the work undertaken by the services to improve performance and to ensure this is ongoing.
- 1.5. Unusually for a Scrutiny Review, and to allow for the Panel to conclude its work within the Council year, the provisional recommendations have been circulated to all affected services and the Corporate Finance section have co-ordinated a draft action plan as an initial response to the report. This draft was considered by the Chief Executive's Management board on 10th March.
- 1.6. This report consists of an Executive Summary which outlines the findings and lists the recommendations made by the review. The main body of the report goes into detail regarding the findings of the review and more fully explores the reasons behind the recommendations made.

2. Executive Summary

2.1. Introduction

- 2.1.1. The scrutiny review of income collection examined areas of concern identified by the Audit Commission's 2001/02 annual letter in relation to income collection and debt levels. The review examined specific service areas, namely: Benefits and Local taxation, Parking, Housing Rent and Leaseholders Services. Also, during the course of the Review, several cross-cutting themes emerged which the panel felt should be addressed corporately.
- 2.1.2. This Executive summary outlines the work undertaken during the course of the review and the areas identified by Members for recommendation. It lists all the recommendations made by the Panel within the relevant phases of the Review.

2.2. Background

- 2.2.1. The Audit Commissions Annual Letter for 2001/02 noted the following areas of concern with regard to debt within the Council: Sundry Debtors (including housing benefits), Parking notices, Council tax and Housing rents / Leaseholder service charges. The letter went on to recommend that the Council focus its efforts to improve debt management and that Members should monitor efforts to improve debt management.
- 2.2.2. The scrutiny review of income collection examined the areas identified by the Audit Commission in relation to income collection and debt levels. Through consideration of the evidence the Review Panel made key findings and made recommendations in each of the service areas for improving income collection. During the course of the review, several cross-cutting themes emerged which the panel felt should be addressed corporately and Members have proposed several recommendations in this area.
- 2.2.3. The following summarises the key issues considered and findings made by the Panel in each of the areas worked on.

2.3. Key Findings and Recommendations

Section 1, Corporate Issues

- 2.3.1. During the course of the review, several recurring themes were encountered which affected most or all the services examined. Also in undertaking benchmarking with other councils and identifying best practice, it was concluded that there is a need to take a corporate view of debt reduction and income maximisation. It was the conclusion of the Review Panel that a corporate approach should be adopted to debt management and debt recovery and this will increase the opportunities to reduce debt levels across the Council.
- 2.3.2. It is concluded that debt recovery policies should be reviewed and formulated where there are none. A further improvement would be to creation of an officer led Debt Management Board, which would develop and manage corporate debt policy and monitor council wide debt levels and debt recovery. Members felt that work should be undertaken to review and adopt payment methods and as a matter of urgency. Also that the Council would benefit from a corporate publicity campaign aimed at debt reduction.
- 2.3.3. It was agreed that work will need to be done on improving collection of income for general debtors across the Council as well as on the larger individual service areas mentioned in this review.
- 2.3.4. The Panel has made the following recommendations (A1 – A8) for the improvement of Corporate Debt Management and Debt Recovery

Recommendation A1. “Corporate Debt Management Board”

That due consideration is given to the creation of an officer led Corporate Debt Management Board with a remit that includes:

- The development and implementation of a Corporate Debt Policy (see Recommendation A2.)
- Reviewing and revising all debt management performance information to ensure it is relevant for the purpose.
- Developing an approach to corporate monitoring of debt levels and debt recovery that is both pro-active and re-active.
- Systematic and critical review of the ways in which specific income is recovered.
- Identifying and evaluating ways of improving debt management and recovery, including extending methods of payment and data sharing/partnership working.
- Ensure targets for income and arrears are set and monitored.

- Creation of a corporate debt recovery resource to take over debt recovery for a specific stage of the process.

Recommendation A2. “Corporate Debt Policy”

That in developing a Corporate Debt Policy due consideration is given to the following:

- Review and revision of Corporate Standards including the staff Code of Conduct
- Revising corporate arrangements for debt write-offs including clear, objective criteria that can be consistently applied; clearly delegated responsibility for write-off approvals; and a monitoring process.
- Adopting a requirement to issue a summons for any debt above a fixed amount.
- Reviewing the possibility of introducing a ‘Fair Debt’ policy (linked to proven ability to pay)
- The Audit Commission report ‘Local Authority Housing Rent Income – rent collection and arrears management by Local Authorities in England and Wales’. Particular consideration to be given to the ‘Key ingredients for success in collecting rent income’ since this can be applied to a degree to all service areas.
- Methods of securing and publicising debt counselling for Council debtors

Recommendation A3. “General debtors”

That the Council:

- Ensure documentation of debt management processes is carried out in all services across the Council
- Review fees and charges policies and management
- Ensure systems for cash collection and reporting on debt levels are effective

Recommendation A4. “Methods of Payment”

That a review of payment methods is carried out and that those that could improve debt recovery are adopted as soon as possible.

Recommendation A5. “Complaints”

That a corporate approach is taken to develop the use of complaints information (linked to debt recovery) to inform service improvements

Recommendation A6. “Publicity”

That a campaign is undertaken to:

- Educate the public and business community of the Council's commitment to following up all debt and the effect of non-payment on Council services, Council Tax levels and personal credit rating.
- Demonstrate the Council's commitment to recovery of all debt.
- Show Council's Zero Tolerance approach to abuse and violence against our traffic wardens.
- Methods of Payment available
- Incentives to pay (discounts)
- Raise awareness of benefit entitlement and increase benefit take-up

Recommendation A7. "Use of Enforcement Agencies"

That the Executive ensure that greater co-ordination of the use of enforcement agencies occur including with other boroughs and that the possibility of rationalising the numbers of external enforcement agencies used in debt collection be investigated so as to minimise the cost incurred and to ensure their most efficient use by all services

Recommendation A8. "Procurement"

That there is adoption of a reasonable and practical policy not to do business with Council suppliers who are in debt to Haringey Council and that this is reflected in Contract Standing Orders and the Procurement Code of Practice.

Recommendation A9. "Monitoring"

That the Audit and Finance Scrutiny Panel receive quarterly performance updates covering all Council debt collection and recovery activity.

Section 2, Service Issues

Benefits and Local Taxation

- 2.3.5. The Review Panel found that the Benefits and Local Taxation service is taking action to improve income collection rates and to reduce the level of debt held and that these actions include re-organising the way the service is delivered and setting challenging performance targets. The Review Panel concluded that further improvement is possible and made recommendations to enable the service to reduce debt levels.

2.3.6. The Review Panel found that the ability of the Benefits and Local Taxation service to share data and work in partnership with other internal service areas and external organisations/services is a vital tool in managing debt levels and assisting debt recovery. Also that there was a need to improve formal benchmarking and performance comparison with other boroughs.

2.3.7. The Panel has made the following recommendations in relation to the Benefits and Local Taxation service:

Recommendation B1. “Recovery Process”

That the Benefits and Local Taxation Service consider adopting the following measures with the intention of reducing the time taken to make direct contact with the client:

- Reminder letters and other publicity to clearly identify the consequences of non-payment, including the level of court costs that will apply.
- Inclusion of 2nd reminder letter prior to summons at 30 days.
- Telephone contact when 1st/2nd reminder sent

Recommendation B2. “Court Costs”

That the Benefits and Local Taxation Service ensure the maximum possible is charged for Court Costs and that the charge be reviewed at regular intervals subject to any guidance/legislation governing Court Costs.

Recommendation B3. “Benchmarking”

That the Benefits and Local Taxation Service:

- Consider the benefits of becoming a member of the CIPFA benchmarking club for Benefits and Local Taxation.
- Develop a link with two similar councils and one high performing council to enable reliable and consistent information to become available for comparison of the costs of collection and debt recovery.

Recommendation B4. “Performance Indicators”

That the Benefits and Local Taxation Service establish the concerns of prospective direct debit payers, take steps to address these wherever possible and to publicise the benefits of paying by direct debit using all communication methods at the Service’s disposal.

Recommendation B5. “Performance Management”

That the Benefits and Local Taxation Service ensure that performance management, including performance measures to minimise the risk of clawback of Housing Benefit Subsidy, continue to be embedded within the re-organised service.

Recommendation B6. “Data Sharing/ Partnership working”

That the Benefits and Local Taxation Service continues to:

- Seek effective ways of working in partnership with others, including the Inland Revenue.
- Seek ways of data sharing within the confines of the Data Protection Act.
- Promote the benefits to be gained by partnership working and data sharing through all mediums including the London Revenues Group.

Parking Service

2.3.8. The Panel heard that overall there was room for improvement within performance on debt collection. It was felt that more formal benchmarking and improved partnership working would improve the service’s income collection.

2.3.9. It was found that factors which would improve debt collection levels would be: the introduction of clamp and remove service (which Members noted was already subject to the procurement process), increasing resources of the parking service and improving partnership working with the DVLA including establishing a direct on-line link with regarding abandoned vehicles.

2.3.10. The following recommendations were made by the Panel in relation to the Parking Service:

Recommendation C1. “Benchmarking”

That more robust and formal benchmarking takes place around Parking service performance indicators and, that an informal exchange of visits between boroughs to share good practice and information occur.

Recommendation C2. “Write off procedures”

That work is done to clarify write off procedures and levels; particularly that those potentially untraceable cases be written off at the earliest possible opportunity in order to not over-inflate the overall debt levels.

Recommendation C3. “Partnership working”

That the service establish close links with the DVLA regarding monitoring and reporting of abandoned vehicles including investigating the possibility of officers gaining access to DVLA database via the web.

Recommendation C4. “Partnership working”

That the service establishes close links with the police to ensure that they do all within their power to protect parking attendants to provide parking enforcement officers with greater confidence and authority in discharging their duties.

Recommendation C5. “Information Sharing”

That bailiffs used by all council services be encouraged to share information on debtors.

Recommendation C6. “Resources”

That cost appraisal be carried out of the effect of increasing resources for the parking service noting that any restructuring of the service should follow best practice and include formal written training programmes, procedure notes etc.

Housing Rent

2.3.11. The Review Panel found that Housing Rent is a major source of revenue and that the percentage of rent collected, as a percentage of rent charged plus outstanding arrears, is a national Best Value Performance Indicator (BVPI). It was found that improvement had been made over recent years and that the service expected to meet target.

2.3.12. The Review Panel found that this key Performance Indicator is closely monitored and that the Housing Service reports on this figure at the end of each month to the Chief Executive, Lead Member for Housing, and Council Executive, via the Director of Finance's Finance and Performance Monitoring Report. The panel agrees with the recommendations already set out in the improvement plan produced by the Director of Housing.

2.3.13. The following recommendations were made by the Panel to ensure that current improvement plans are implemented:

Recommendation D1.

That the Housing Rents Team continues to implement improvement plans including the aspects listed below, and monitor and report progress:

- Setting and achieving ambitious targets for rents performance through establishment of performance culture in Housing Management
- Set up rents focus group meeting with tenants to consult on rents service
- Targeted end of year suspension exercise to reduce arrears backlog and encourage regular rent payment
- Review and implement additional payment methods in conjunction with Director of Finance
- Investigate and implement incentive scheme for tenants with clear rent accounts
- Implement improved sign up arrangements involving Housing Managers at Area Offices and CAB workers
- New publicity campaigns to encourage regular rent payment
- Set out strategy for managing rent arrears and debt as part of corporate debt policy
- Implement further improvements to arrears monitoring by Neighbourhood Housing Managers and Area Managers
- Carry out further targeted arrears suspension exercise
- Review strategy for dealing with former tenant arrears including options of sale of debt and use of external debt collection agencies.
- Evaluate effectiveness of pilot rent recovery team operating at South Tottenham Area.
- Evaluate results of tenant focus group and implement follow up actions.
- Establish dedicated Housing Benefit liaison officers linked to Area Housing Offices
- Borough wide training for housing staff in rents IT system by dedicated IT trainer.
- Review provision of pre-tenancy information and advice to prospective tenants.

Recommendation D2.

That the Housing Scrutiny Panel considers receiving quarterly updates on Housing Rent Service Performance against PI's and progress in implementing improvement/action plans

Recommendation D3.

That the Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting Housing Rent and debt recovery.

Leaseholders Service Charges

2.3.14. The Review Panel noted that a comprehensive scrutiny review of Leaseholder services concluded in November last year with the adoption of the action plan. One of the main recommendations of the review and one of the major action points arising from it is to clear all outstanding debts from past and current leaseholders and ensure that future arrears are dealt with promptly and decisively to prevent future accumulations. Following on from this, the Council is undertaking an urgent review of the current formulae and methods of charging leaseholders and ensuring that all re- payment options are made available to leaseholders and that the council considers adopting a buy back policy. The panel agrees with the recommendations already set out in the improvement plan produced by the Director of Housing.

2.3.15. The Panel made the following recommendations relating to Leaseholders service charges:

Recommendation E1.

That the Home Ownership Team continues to implement the improvement plans including the aspects listed below, and to monitor and report progress to Housing Scrutiny Panel:

- Review recovery procedure, including timescales involved in taking recovery action.
- Review of the current formulae and methods of charging leaseholders
- Review options for charging freeholders on housing estates.
- Produce monthly management reports on the following: Day to day, External & Major works arrears; Debtors analysis by age; Performance indicators to include collection rates and number of arrangements made; Balance movements between months / Quarters.

Recommendation E2.

That the Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting service charges and debt recovery

3. Action Plan

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
Cross Cutting / Corporate				
Corporate Debt Management and Debt Recovery	<p>A1 That due consideration is given to the creation of an officer led Corporate Debt Management Board with a remit that includes:</p> <ul style="list-style-type: none"> • The development and implementation of a Corporate Debt Policy (see below) • Reviewing and revising all debt management performance information to ensure it is relevant for the purpose. • Developing an approach to corporate monitoring of debt levels and debt recovery that is both pro-active and re-active. • Systematic and critical review of the ways in which specific income is recovered. • Identifying and evaluating ways of improving debt management and recovery, including extending methods of payment and data sharing/partnership working. • Ensure targets for income and arrears are set and monitored. • Creation of a corporate debt recovery resource to take over debt recovery for a specific stage of the process. 	31.07.04	Gerald Almeroth, Head of Corporate Finance	<p>A project accountant resource from Corporate Finance will be assigned to this in April 2004 to progress the recommendations and co-ordinate other support.</p> <p>Scope / terms of reference / constitution / work programme / review of reports to be agreed by May 04</p>
Corporate Debt Policy	<p>A2 That in developing a Corporate Debt Policy due consideration is given to the following:</p> <ul style="list-style-type: none"> • Review and revision of Corporate Standards including the staff Code of Conduct • Revising corporate arrangements for debt write-offs 	31.06.04	Gerald Almeroth, Head of Corporate Finance	Review current individual policies and develop clear consistent elements for a corporate policy, but retaining individual and local flexibility where necessary.

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
	<p>including clear, objective criteria that can be consistently applied; clearly delegated responsibility for write-off approvals; and a monitoring process.</p> <ul style="list-style-type: none"> • Adopting a requirement to issue a summons for any debt above a fixed amount. • Review the possibility of introducing a 'Fair Debt' policy (linked to proven ability to pay) • Audit Commission report 'Local Authority Housing Rent Income – rent collection and arrears management by Local Authorities in England and Wales'. Particular consideration to be given to the 'Key ingredients for success in collecting rent income' since this can be applied to a degree to all service areas. • Methods of securing and publicising debt counselling for Council debtors 			
General debtors	<p>A3 Ensure documentation of debt management processes is carried out for all services across the Council</p> <ul style="list-style-type: none"> • Review fees and charges policies and management • Ensure systems for cash collection and reporting on debt levels are effective 	30.06.04	Gerald Almeroth, Head of Corporate Finance	Carry out review for reporting to Corporate Debt Management Board.
Methods of Payment	<p>A4 That a review of payment methods is carried out and that those that could improve debt recovery are adopted as soon as possible.</p>	Ongoing / 31.07.04	Gerald Almeroth, Head of Corporate Finance	The e-payments project is progressing wider facilities to pay by debit and credit card. Other methods, including more use of direct debits will be reviewed.
Complaints	<p>A5 That a corporate approach is taken to develop the use of complaints information (linked to debt recovery) to inform service improvements</p>	30.08.04	Eve Pelekanos, Head of Improvements and	Liaise with corporate complaints team to develop reporting capability.

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
			Performance Team	
Publicity	<p>A6 That a campaigns be undertaken to :</p> <ul style="list-style-type: none"> • Educate the public and business community of the Council's commitment to following up all debt and the effect of non-payment on Council services, Council Tax levels and personal credit rating. • Demonstrate the Council's commitment to recovery of all debt. • Show Council's Zero Tolerance approach to abuse and violence against our traffic wardens. • Methods of Payment available • Incentives to pay (discounts) • Raise awareness of benefit entitlement and increase benefit take-up 	30.05.04	Nicki Hulford, Head of Corporate Communications Team	Review and include in Media Plan.
Enforcement Agencies	A7 That greater co-ordination of the use of enforcement agencies occur including with other boroughs and that the possibility of rationalising the numbers of external enforcement agencies used in debt collection be investigated			
Procurement	A8 That there is adoption of a reasonable and practical policy not to do business with Council suppliers who are in debt to Haringey Council and that this is reflected in Contract Standing Orders and the Procurement Code of Practice.	30.08.04	Michael Wood, Head of Procurement	Head of Procurement to review practical issues of implementing such a policy.
Monitoring	A9 The Review Panel recommends that Audit and Finance Scrutiny Panel receive quarterly performance updates covering all Council debt collection and recovery activity.	31.07.04	Gerald Almeroth, Head of Corporate Finance	Agreed.

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
Service Recommendations: Benefits and Local Taxation				
Recovery Process	<p>B1 That the Benefits and Local Taxation Service consider adopting the following measures with the intention of reducing the time taken to make direct contact with the client:</p> <ul style="list-style-type: none"> • Reminder letters and other publicity to clearly identify the consequences of non-payment, including the level of court costs that will apply. • Inclusion of 2nd reminder letter prior to summons at 30 days. • Telephone contact when 1st/2nd reminder sent 	End May 04	Paul Ellicott, Head of Benefits and Local Taxation	<p>Publicity and the review of all documentation are key activities in the 2004/05-business plan. This supports the Directorate Media Plan and the continuing work with the Communications Unit.</p> <p>There is no legal requirement to issue a second reminder or contact customers by phone and benchmarking other authorities would suggest that this is costly and delays the recovery process. However our publicity strategy will make customers more aware of the consequences of non-or late payment.</p>
Court Costs	<p>B2 That the Benefits and Local Taxation Service ensure the maximum possible is charged for Court Costs and that the charge is reviewed at regular intervals, subject to any guidance/legislation governing Court Costs.</p>	31 March / Ongoing	Paul Ellicott, Head of Benefits and Local Taxation	<p>This is undertaken using London-wide agreed parameters and the local decision making process will be undertaken in March of each fiscal year.</p>
Benchmarking	<p>B3 That the Benefits and Local Taxation Service:</p> <ul style="list-style-type: none"> • Consider the benefits of becoming a member of the CIPFA benchmarking club for Benefits and Local Taxation. • Develop a link with two similar councils and one high performing council to enable reliable and consistent information to become available for comparison of the costs of collection and debt recovery. 	<p>End April 04</p> <p>End April 04</p>	Paul Ellicott, Head of Benefits and Local Taxation	<p>Agreed. Benchmarking currently exists as part of the London Revenues Group and its sub-sets.</p>

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
Performance Indicators	B4 That the Benefits and Local Taxation Service establish the concerns of prospective direct debit payers, take steps to address these wherever possible and to publicise the benefits of paying by direct debit using all communication methods at the Service's disposal.	Annual and Ongoing – end March	Paul Ellicott, Head of Benefits and Local Taxation	Agreed. A direct debit strategy is reviewed on an annual basis and this has proved successful over the last three years. Currently over 50% of non-benefit customers pay by this means.
Performance Management	B5 That the Benefits and Local Taxation Service ensure that performance management, including performance measures to minimise the risk of clawback of Housing Benefit Subsidy, continue to be embedded within the re-organised service.	Ongoing	Paul Ellicott, Head of Benefits and Local Taxation	Agreed.
Data Sharing/ Partnership working	B6 That the Benefits and Local Taxation Service continues to: <ul style="list-style-type: none"> • Seek effective ways of working in partnership with others, including the Inland Revenue. • Seek ways of data sharing within the confines of the Data Protection Act. • Promote the benefits to be gained by partnership working and data sharing through all mediums including the London Revenues Group. 	Ongoing	Paul Ellicott, Head of Benefits and Local Taxation	Agreed. The service continues to be prominent within external groups and includes recent discussions with the ODPM about these and other relevant topics.
Service Recommendations: Parking Services				
Benchmarking	C1 That more robust and formal benchmarking takes place around Parking service performance indicators and, that an informal exchange of visits between boroughs to share good practice and information occur.	Ongoing	Anne Cunningham, Head of Parking Services	The service is a member of the North London Benchmarking Club and Parking Manager group. Officers attend on a regular basis and opportunities for comparisons will be maximised through this group.
Write off	C2 That work be done to clarify write off procedures and		Anne	This is currently underway and advice

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
procedures	levels. Particularly that those potentially untraceable cases be written off at the earliest possible opportunity in order to not over-inflate the overall debt levels.		Cunningham, Head of Parking Services	is sought from the Service accountants.
Partnership working	<p>C3 That the service establishes close links with the DVLA regarding monitoring and reporting of abandoned vehicles including investigating the possibility of officers gaining access to DVLA database via the web.</p> <p>C4 That the service establishes close links with the police to ensure that they do all within their power to protect parking attendants to provide parking enforcement officers with greater confidence and authority in discharging their duties.</p>		Anne Cunningham, Head of Parking Services	<p>Progress has been made on obtaining web access to the DVLA and arrangements are now firming up.</p> <p>This work is underway and efforts will be made to introduce the 'side by side' initiative that already exists in some boroughs.</p>
Information Sharing	C5 That bailiffs used by all council services be encouraged to share information on debtors.		Anne Cunningham, Head of Parking Services	Advice will be sought on data protection issues.
Resources	C6 That cost appraisal be carried out of the effect of increasing resources for the parking service noting that any restructuring of the service should follow best practice and include formal written training programmes, procedure notes etc.		Anne Cunningham, Head of Parking Services	This is underway and the reorganisation is on the forward plan for April.
Service Recommendations: Housing Rent				
	<p>D1 That the Housing Rents Team continue to implement improvement plans and monitor and report progress:</p> <p>(below listed key aspects of improvement plan)</p>		Jackie Thomas Assistant Director Housing Mgt	
	<ul style="list-style-type: none"> Setting and achieving ambitious targets for rents performance through establishment of performance 	Achieved		Delivery of the rents action plan for 2003/4 has proceeded well with

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
	culture in Housing Management			<p>progress against all key issues. Most have been achieved.</p> <p>Achieved: Current rent arrears performance is at an all time high for the Housing Service. As at the week ending 29 February 2004 we had collected 100.6% of the rent due against a target of 99%. Our performance against the Best Value PI 66a (proportion of rent collected) was 97% against a 93% target and rent arrears of current tenants have been reduced by £690,000 over the course of the year.</p>
	<ul style="list-style-type: none"> Set up rents focus group meeting with tenants to consult on rents service- 	March 2004.		In progress- report due mid March 2004
	<ul style="list-style-type: none"> Targeted end of year suspension exercise to reduce arrears backlog and encourage regular rent payment 	Due March 2004		In progress
	<ul style="list-style-type: none"> Review and implement additional payment methods in conjunction with Director of Finance Investigate and implement incentive scheme for tenants with clear rent accounts Implement improved sign up arrangements involving Housing Managers at Area Offices and CAB workers New publicity campaigns to encourage regular rent payment Set out strategy for managing rent arrears and debt as part of corporate debt policy 	2004/05 year		<p>The Business Plan/ rents action Plan for 2004/5 identifies further actions as part of the process of continual improvement in managing rent arrears.</p> <p>These actions will be implemented over the coming year as part of the Housing Service Business Plan.</p>

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
	<ul style="list-style-type: none"> • Implement further improvements to arrears monitoring by Neighbourhood Housing Managers and Area Managers • Carry out further targeted arrears suspension exercise • Review strategy for dealing with former tenant arrears including options of sale of debt and use of external debt collection agencies. • Evaluate effectiveness of pilot rent recovery team operating at South Tottenham Area. • Evaluate results of tenant focus group and implement follow up actions. • Establish dedicated Housing Benefit liaison officers linked to Area Housing Offices • Borough wide training for housing staff in rents IT system by dedicated IT trainer. • Review provision of pre-tenancy information and advice to prospective tenants. 			
	D2 That the Housing Scrutiny Panel consider receiving quarterly updates on Housing Rent Service Performance against PI's and progress in implementing improvement/action plans	June 04	Scrutiny Manager	This proposal will be put to the Overview and Scrutiny Committee as part of its work planning process for 2004/5.
	D3 That the Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting Housing Rent and debt recovery.	June 04 – Ongoing	Scrutiny Manager	Agreed
Service Recommendations: Leaseholder Service Charges				
	E1 That the Home Ownership Team continues to implement the improvement plans and to monitor and report progress to Housing Scrutiny Panel:		Jackie Thomas Assistant Director Housing Mgt /	

Phase / Issue	Recommendation	Deadline	Responsible Officer	Progress / Comments
	(below listed key aspects of improvement plan)		Trevor Cripps Scrutiny Manager	
	♦ Review recovery procedure, including timescales involved in taking recovery action.	May 04		Review completed as part of the income recovery review undertaken by the Finance Scrutiny Panel. The final report is currently being drafted and any further agreed recommendations will be adopted.
	♦ Review of the current formulae and methods of charging leaseholders	May 04		A project brief has been sent to 3 external experts and their proposals for undertaking this audit are awaited. This is now unlikely to complete before the end May.
	♦ Review options for charging freeholders on housing estates.	May 04		Outstanding - target date now end May (to be undertaken alongside the review above).
	♦ Produce monthly management reports on the following. - Day to day, External & Major works arrears - Debtors analysis by age - Performance indicators to include collection rates and number of arrangements made - Balance movements between months / Quarters.	Ongoing		These reports are now available (with the exception of aged debtor analysis which is dependant of the resolution of a SAP interface matter referred to above).
	E2 That the Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting service charges and debt recovery	June 2004 - Ongoing	Trevor Cripps Scrutiny Manager	Agreed

4. Background

4.1. The Overview and Scrutiny Committee (OSC) established the Review in response to recommendations from the Audit and Finance Scrutiny Committee. The OSC agreed the following membership and terms of reference for the Review.

4.2. Panel Membership

The membership of the Review Panel was

Cllr. Gmmh Rahman Khan (Chair)
Cllr. Gideon Bull
Cllr. Quincy Prescott
Cllr. Harry Lister
Cllr Richard Reynolds
Cllr. David Beacham
Cllr. Jonathan Bloch
Cllr Andrew Krokou
Cllr Jayanti Patel

4.3. Terms of Reference

- To review and scrutinise the performance of the Council in relation to its policy objectives and performance targets;
- To question members of the Executive and Chief Officers about their decisions and performance in comparison with service plans and targets over a period of time;
- To make reports and recommendations to the Executive and the Council arising from the outcome of the scrutiny process;
- To assist the Executive and Council in the development of related budget and policy issues;
- To promote related internal control and risk management;
- To make reports and recommendations to the Executive and Council arising from the outcome of the policy development and review process

5. Corporate Debt Management

5.1. Introduction

- 5.1.1. During the course of the review, several recurring themes were encountered which affected most or all the services examined. Also in undertaking benchmarking with other councils and identifying best practice, it was concluded that there is a need to take a corporate view of debt reduction and income maximisation. It was the conclusion of the Review Panel that a corporate approach to debt management and debt recovery should be adopted and this will increase the opportunities to reduce debt levels across the Council.
- 5.1.2. It was felt that in general standardised effective debt management processes should be developed and embedded in the work of all services across the Council and that this should be corporately monitored to ensure consistency.
- 5.1.3. The following areas were condiered by the review in the course of their evidenc gathering which were cross cutting issues or were considered best undertaken corporately.

5.2. Corporate Debt Management

- 5.2.1. Members felt that the most efficient and expedient way to improve the Councils overall debt management performance was for the Council to have a Corporate Debt Management Board and for this officer board to develop, implement and monitor a Corporate Debt policy.

Recommendation A1. “Corporate Debt Management Board”

That due consideration is given to the creation of an officer led Corporate Debt Management Board with a remit that includes:

- The development and implementation of a Corporate Debt Policy (see Recommendation A2.)
- Reviewing and revising all debt management performance information to ensure it is relevant for the purpose.
- Developing an approach to corporate monitoring of debt levels and debt recovery that is both pro-active and re-active.
- Systematic and critical review of the ways in which specific income is recovered.
- Identifying and evaluating ways of improving debt management and recovery, including extending methods of payment and data sharing/partnership working.

- Ensure targets for income and arrears are set and monitored.
- Creation of a corporate debt recovery resource to take over debt recovery for a specific stage of the process.

Recommendation A2. “Corporate Debt Policy”

That in developing a Corporate Debt Policy due consideration is given to the following:

- Review and revision of Corporate Standards including the staff Code of Conduct
- Revising corporate arrangements for debt write-offs including clear, objective criteria that can be consistently applied; clearly delegated responsibility for write-off approvals; and a monitoring process.
- Adopting a requirement to issue a summons for any debt above a fixed amount.
- Reviewing the possibility of introducing a ‘Fair Debt’ policy (linked to proven ability to pay)
- The Audit Commission report ‘Local Authority Housing Rent Income – rent collection and arrears management by Local Authorities in England and Wales’. Particular consideration to be given to the ‘Key ingredients for success in collecting rent income’ since this can be applied to a degree to all service areas.
- Methods of securing and publicising debt counselling for Council debtors

5.3. General Debtors

Members found that there were several issues which cut across all services generally and which should be consistent across services.

Recommendation A3. “General debtors”

That the Council:

- Ensure documentation of debt management processes is carried out all services across the Council
- Review fees and charges policies and management
- Ensure systems for cash collection and reporting on debt levels are effective

5.4. Write – Off Procedures

5.4.1. The Review Panel were concerned that there is a perception among some Haringey residents that non-payment of debts is an option since these could be left unpaid and that they would be written-off. Evidence from officers revealed that all debts are

pursued and write-off is viewed as a last resort by officers. It was accepted by officers that action should be taken to ensure that persistent non-payers are pursued even where the write-off criteria of 'uneconomic to collect' is met.

5.4.2. The Panel heard that there is provision within the Council's Financial Regulations to write-off sums owed to the Council when they are deemed to be beyond recovery.

- Debts of £1000 or less may be written off on the authority of the Director of Finance.
- Debts over £1000 may be written off on the authority of the Executive Member for Finance and on the advice of the Director of Finance.

5.4.3. The Panel felt that it was important that this issue be managed corporately to ensure that clear, objective criteria that can be consistently applied are produced and communicated across the Council's services. It was felt that there needed to be clearly delegated responsibility for write-off approvals. Members would like to see a monitoring process developed and implemented at a corporate level.

5.5. Provision for Bad and Doubtful Debts

5.5.1. Levels of provision for bad and doubtful debts are reviewed individually for specific income areas on a regular basis, and at least annually during the final accounts process. Standard accounting practice is followed and factors for deciding levels of provisions include actual levels of collection and age profile of debt outstanding. The Review Panel's view is that a more consistent and vigorous debt management policy should be developed so that the level of debt does not build up to too high a level over time.

5.6. Methods of Payment

5.6.1. Methods of payment are seen as a critical area for the improvement of income collection. From evidence gathered from the Review, the Panel found that other councils were able to offer more flexible payment options to make payment of bills easier. These options include more dates for direct debit, external paypoints, electronic/internet payments, and discounts for full payment of Council Tax made on 1st April. Members noted that the Council can now take debit or credit card payments at the cashiers office, but as yet cannot operate on-line facilities. The parking service has recently implemented an Automated Telephone Payment (ATP) scheme that allows 24/7 payments by credit card.

Members felt this should be evaluated and that if it was successful this payment option should be adopted corporately. The Review Panel suggest that should credit card payments be adopted the associated commission costs be passed to the card-payer.

5.6.2. The Review Panel concluded that the range and accessibility of payment options had a significant impact on debt levels and that Council should appraise the range of payment options used across the Council and by other Local Authorities and take steps to adopt those that will improve performance in debt recovery. The panel concluded that the investigation and implementation of appropriate payment options should be a priority for the Executive.

Recommendation A4. “Methods of Payment”

That a review of payment methods is carried out and that those that could improve debt recovery are adopted as soon as possible.

5.7. Fair Debt Policy

5.7.1. The Review Panel noted that Haringey Council does not operate a ‘fair debt’ policy, whereby all a persons debts are taken into consideration when seeking recovery. A fair debt policy involves debt counselling and would impact on levels of recovery. The Review Panel concluded that the possibility of adopting a “fair debt” policy, where pursuit of debt is linked to proved ability to pay, should be investigated further as part of the development of a corporate debt policy.

5.8. Debt Counselling

5.8.1. Evidence considered by the Review panel revealed that timely and proficient debt counselling can be a factor in reducing debt levels in certain service areas.

5.8.2. The lack of benefits/debt counselling provision for tenants in respect of Housing rent arrears debt had been identified by the Audit Commission as a weakness in the management of rent and arrears. Since this report the Housing service has taken measures to address this including entering into a partnership arrangement with Haringey CAB to provide benefits and debt advice to Haringey tenants and also the mass retraining of housing staff in benefits and debt counselling in November 2002.

5.8.3. The Review Panel considered the value of debt counselling offered by other agencies such as Citizens Advice Bureau (CAB) and the level of grants given to such bodies. The Review Panel

wondered if specific grant for debt counselling work would assist the Council in collecting Council Tax/NNDR debt.

5.8.4. The Panel heard that some other councils are investigating CAB availability for debt counselling as a means of managing debt levels.

5.8.5. It was felt that this would impact on all areas of debt and that this issue should be dealt with corporately. Members were keen that the availability of debt counselling services and how these might best be provided should be investigated. This should include possible funding CAB and/or other appropriate advisors or the development of an in-house debt counselling and benefits advice service.

5.9. Complaints

5.9.1. The Panel considered evidence and concluded that the level and nature of complaints that a service receives can reveal areas of service that require improvement in some way. Complaints are a form of consultation and feedback for a service on performance.

5.9.2. Members heard that the Council's complaints process has been the subject of a recent Best Value review of E-government, Customer Services, Communications and Complaints. On inspection the review result was a "Fair" service with "Promising Prospects for Improvement". Implementation of the resulting improvement plan is underway and the complaints performance both within directorates and corporately is showing improvement.

5.9.3. The initial complaint stages 1&2 are dealt with at Business Unit and directorate level, stage 3 complaints are dealt with by the corporate complaints team.

5.9.4. A software package 'Respond' is used to log and track complaints at all stages and although information is being put on to the system it is still being developed in terms of reporting. Information is not at present easily accessible to inform services as to areas of potential risk, or where performance may be an issue. Both the Corporate Complaints team and Finance Directorate complaints teams are experiencing resourcing problems including a lack of IT support.

5.9.5. The Panel concluded that complaints regarding debts and debt collection should be monitored corporately and that a corporate approach is taken to develop the use of complaints information linked to debt recovery to inform service improvements.

Recommendation A5. "Complaints"

That a corporate approach is taken to develop the use of complaints information (linked to debt recovery) to inform service improvements

5.10. Inter-Agency Working

5.10.1. The Review Panel heard that more inter-agency information sharing would make it easier to trace debtors and extract payment. This applied equally to internal Council departments as well as various external agencies. Members also heard that there were a number of key partnerships for each service which would affect the performance of these services with regard to debt collection.

5.10.2. It was noted that there were issues to do with the Data Protection Act which would need to be taken account of and may limit the extent to which information can be shared. Members felt that a corporate view should be taken on these data protection issues to ensure consistency throughout the Council.

5.11. Publicity

5.11.1. Concern was raised by Members that there is a level of public perception that non-payment of Haringey debts is an option and that if debts were left unpaid that they would be written-off. To counteract this perception, Members felt that a publicity campaign to demonstrate the Council's commitment to recovery of all debt should be embarked upon. Its aim would be to educate the public and business community of the Council's commitment to following up all debt and of the effect of non-payment on Council services, Council Tax levels and personal credit rating.

5.11.2. In conjunction with this it was recognised that information regarding the various payment options available and incentives to pay which were available also needed to be widely publicised. As did the availability of benefits for those who were entitled to them in order to raise awareness benefit entitlement and increase benefit take-up.

Recommendation A6. "Publicity"

That a campaign is undertaken to:

- Educate the public and business community of the Council's commitment to following up all debt and the effect of non-payment on Council services, Council Tax levels and personal credit rating.
- Demonstrate the Council's commitment to recovery of all debt.

- Show Council's Zero Tolerance approach to abuse and violence against our traffic wardens.
- Methods of Payment available
- Incentives to pay (discounts)
- Raise awareness of benefit entitlement and increase benefit take-up

5.12. Enforcement Agencies

- 5.12.1. Evidence presented to the Panel during each phase of the review demonstrated that each service within the Council uses their own Bailiff companies. Some services use more than one agency. The bailiffs used by the parking service tend to be specialised to working with parking services. Within the Benefits and Local taxation service, three external enforcement agencies are used so that performance and costs charged to the client can be compared.
- 5.12.2. Concern was raised that this practice may be leading to situations where the Council were employing more than one set of Bailiffs to pursue different debts owed by the same debtor. This was considered an inefficient use of resources. Members felt that greater co-ordination should occur and a rationalisation of the bailiffs used by the Council should be investigated.
- 5.12.3. The Review Panel noted that enforcement agencies take the debt from the Council and recover their costs from the client. It heard that they pass on statutory fees to their clients. It was noted that the Council incurs a cost when a separate tracing agency is used.
- 5.12.4. The Panel felt that the possibility of greater co-ordination and co-operation with other boroughs regarding the use of enforcement agencies should be investigated and undertaken when and where possible.
- 5.12.5. The Review Panel felt that a corporate approach should be taken for measuring the costs of enforcement agencies and ensuring value for money was achieved.

Recommendation A7. "Use of Enforcement Agencies"

That the Executive ensure that greater co-ordination of the use of enforcement agencies occur including with other boroughs and that the possibility of rationalising the numbers of external enforcement agencies used in debt collection be investigated so as to minimise the cost incurred and to ensure their most efficient use by all services

5.13. Procurement

5.13.1. The Review Panel considered evidence from Havering Council who had adopted a policy of not doing business with suppliers who were in debt to the Council. The Review Panel concluded that this was a good incentive to the business community to pay. However, they were concerned that such a policy should not impede businesses' ability to operate. Overall it was felt that the Council should consider adopting a reasonable and practical policy not to do business with Council suppliers who are in debt to the Council.

Recommendation A8. "Procurement"

That there is adoption of a reasonable and practical policy not to do business with Council suppliers who are in debt to Haringey Council and that this is reflected in Contract Standing Orders and the Procurement Code of Practice

5.14. Monitoring

5.14.1. Members of the Panel were keen that income collection and debt levels should be carefully monitored both by officers and councillors. Corporately this would fall to the officer debt management board who would report to the Executive. Members felt that the Audit and Finance Scrutiny Panel had a role to play in the ongoing monitoring of debt levels.

Recommendation A9. "Monitoring"

That the Audit and Finance Scrutiny Panel receive quarterly performance updates covering all Council debt collection and recovery activity.

5.15. Conclusions

5.15.1. Members concluded that a Corporate Debt Management officer Board was required and that a Corporate Debt policy should be developed.

6. Benefits and Local Taxation

6.1. Introduction

6.1.1. The Benefits and Local Taxation Service is responsible for collecting Council Tax which forms a significant part of the Council's income. The Review Panel looked in depth at the service and its performance in collecting income and managing debt and Members made a series of service related findings and recommendations.

6.2. Service Description

6.2.1. Benefits and Local Taxation Service is required to bill, collect and recover Council Tax and National Non-domestic Rates and provide a comprehensive Housing Benefit and Council Tax Benefit claims service for the local residential, business community and other key stakeholders.

6.2.2. In 2003/04 net expenditure on Benefits and Local Taxation service is cash limited to £8.6 million with the following external sources of income:

- Rent Rebates Subsidy
- Rent Allowances Subsidy
- Council Tax Benefit Subsidy
- NNDR Discretionary Relief
- Costs recovered(Court fees etc)

6.2.3. The Benefits and Local Taxation service has recognised that it needs to become performance orientated and after analysis of future need has embarked on a transformation process to become externally, and business outcome focused. The Executive approved the restructure in April 2003. The Review Panel welcomed the Benefits and Local Taxation service aim that all staff should, as far as possible, be appointed on a permanent basis to increase and maintain the efficiency of the service.

6.3. Policy

6.3.1. The Benefits and Local Taxation service adopts the following policies and strategies when collecting cash and recovering arrears.

- Cash flow – whilst encouraging direct debit payments to ensure certainty of receipt, the Council opts to get cash in quickly to assist in Corporate Finance investment needs. Payment is due on 1st of the month and recovery procedures come into play if this is not met. The service is keen to help those who wish to pay and will make special arrangements if clients contact the service.
- Can't pay, won't pay – The Benefits and Local Taxation Service tries to distinguish between those who will not pay and those who cannot pay, but relies on the client to respond to letters or make contact with the service. The service has to decide on a case by case basis the approach to be taken i.e. debtor signs up to a payment plan by mutual agreement or hard (but fair) approach that may include the use of external enforcement agencies.
- Trace and Collect – External enforcement agency takes over the debt and if a client is traced then payment is collected straight away.
- Use of enforcement agencies – three external enforcement agencies are used so that performance and costs charged to the client can be compared.
- Magistrates Court /County Court – summons issued and Officers attend court to arrange payment. Officers have a good relationship with Court Officials but facilities are inadequate and overstretched.

6.4. Process

6.4.1. The legislative recovery process that the service operates within, includes:

- All years recovery – recovery of current and prior year/s debt is sought
- Recovery timetable - A reminder letter is sent asking for payment of monies owed within seven days. If unpaid a court summons is sent and the extra costs added to the account.
- Special arrangements – individual payment plans will be agreed that extend over ten months (normal payment plans like direct debit are 10 months).
- Attachment of Earnings – monies taken at by employer at source
- Deduction from Benefit
- Bankruptcy/Liquidation Proceedings- Council is not a secured creditor so if a business is already heading this way it does not act as a lever to get the money.

- Committal Proceedings- very rare as courts not keen to use this power and there could be Human Rights Act implications.

6.4.2. The Review Panel was concerned as to how quickly the debt recovery process began and queried the effectiveness of the process. It was accepted that the recovery timetable does come into effect quickly, but is a written process that relies on the client making contact. This leads to a time delay that can make tracing absconders more difficult and the debt building-up.

6.5. Performance

6.5.1. The service holds an increasingly high profile with the Government in respect of performance and fraud prevention.

6.5.2. The CPA process is a key measurement of the Council's performance and the Benefits service is assessed separately as part of that process, by virtue of the type of service being delivered the Directorate is required to manage the financial risk to the Council. This includes ensuring that monies expected through Local Taxation is received and that subsidy received through collection of overpaid housing benefit is protected by establishing processes, systems and controls that are effective. The CPA score attributed to the Benefits is 3 (out of a possible 4), with a fair to good capacity to improve. The collection of council tax and business rates is covered by the CPA assessment of 'the use of resources' and has been attributed 3 out of 4 which indicates very good performance.

6.5.3. From the information presented the Review Panel found that the level of debt held is variable between similar councils and it was acknowledge that the level currently held depends on several factors including the level of write-off in successive years.

6.6. Collection Rate comparison

6.6.1. Comparison of collection rates for Council Tax and NNDR 2001/02 and 2002/03 taken from statistical information gathered from the web-site of the Office of the Deputy Prime Minister (ODPM).

Table: 1.England - Receipts as % of net collectable debt

Area	Council Tax		NNDR	
	2002/03	2001/02	2002/03	2001/02
England	96.4	96.1	98.2	97.9
Inner London Boroughs (inc. City of London)	91.9	91.1	98.0	97.9
Outer London Boroughs	95.0	94.9	98.1	97.1
London Boroughs	94.1	93.7	98.0	97.6
Metropolitan Districts	95.2	95.2	97.8	97.4

Unitary Authorities	95.6	95.3	98.1	97.9
Shire Districts	97.6	97.4	98.5	98.2
Haringey	92.5	90.1	96.5	95.1

Table 2.: London Boroughs - 2001/02 and 2002/03

Council	Council Tax Collection Rate			NNDR Collection Rate		
	02-03 %	01-02 %	variance	02-03 %	01-02 %	variance
Camden	92.7	93.5	-0.8	97.0	97.1	-0.1
Waltham Forest	93.0	90.6	2.4	95.4	90.6	4.8
Tower Hamlets	91.8	90.7	1.1	98.3	97.0	1.3
Newham	90.0	86.8	3.2	97.7	95.4	2.3
Havering	95.9	96.1	-0.1	96.0	92.2	3.8
Hsmith & Fulham	95.1	94.5	0.5	99.3	98.6	0.7
Haringey	92.5	90.1	2.4	96.5	95.1	1.4
<i>Surrey Heath(top performing shire)</i>	99.6	99.1	0.5	99.3	97.3	2.0

6.6.2. The Review Panel found that:

- Haringey Council's performance in collection of Council Tax falls within the lowest 20 councils in England
- All of the top-performing councils are outside London.
- None of the top-performing councils has a similar demographic base to Haringey Council.
- Haringey Council's Council Tax collection rate showed the 8th largest improvement last year, indicating that our collection rate is improving faster than the average.

6.7. Debt Levels

6.7.1. The Benefits and Local Taxation Service levels of debt held, provisions for bad debts, held and write-off activity are as detailed in the table below. It should be noted that the figures have been updated to reflect those shown in the Council's Statement of Accounts for 2002.03. These reflect the write-off exercise in progress at the time of the 22nd September review meeting.

Table 3.: Benefits and Local Taxation Debt as at 31.03.03

Description	Council Tax	NNDR	Benefits
	£m	£m	£m
Gross Debit (2003/04)	98.8	52.3	130.0
Arrears at 31.03.03	17.0	8.7	5.4
Provision for Bad Debts at 31.03.03	7.7	8.7	5.2
Write-off activity 2002/3	(19.4)	(3.9)	(3.8)

6.8. Provision for Bad and Doubtful Debts

6.8.1. Levels of provision for bad and doubtful debts are reviewed individually for specific income areas on a regular basis, and at least annually during the final accounts process. Standard accounting practice is followed and factors for deciding levels of provisions include actual levels of collection and age profile of debt outstanding. The Review Panel's view is that under a more consistent and vigorous debt management policy the level of debt would not have built-up to such a high level over time.

6.9. Write – Off Procedures

6.9.1. The benefits and local Taxation Service follows the write off provisions set out in the Councils Financial regulations. Write-off activity has been low within Benefits and Local Taxation and the decision to class a debt as beyond recovery is made on a case by case basis. A write-off exercise has been undertaken that is reflected in the reduced level of debt outstanding at 31st March 2003.

6.10. Recovery Process

6.10.1. The Review Panel found that the recovery process is a legislatively based process that is written and relies on the client to contact the Council to arrange payment. The delay in making contact can lead to escalating debt and difficulty in tracing non-payers. After taking evidence from the Benefits and Local Taxation Service and making comparison with other councils the Review Panel concluded that there is scope for the service to make the process more effective.

6.10.2. The Review Panel take the view that the Council should be more pro-active rather than re-active in collecting taxes and overpaid benefits and felt that if the recovery process was rigorously applied then the time taken to trace clients would be reduced. The Review Panel felt that personal contact by visit or telephone might gain earlier contact with clients and enable payment to be arranged more quickly. The service view was that the volume of calls would not be cost effective and that where this has been tried elsewhere the success rate has been low but accepts that it would be feasible to reduce the time it takes to trace clients.

Recommendation B1. “Recovery Process”

That the Benefits and Local Taxation Service consider adopting the following measures with the intention of reducing the time taken to make direct contact with the client:

- Reminder letters and other publicity to clearly identify the consequences of non-payment, including the level of court costs that will apply.
- Inclusion of 2nd reminder letter prior to summons at 30 days.
- Telephone contact when 1st/2nd reminder sent

6.11. Court Costs

6.11.1. The Review Panel found that other councils had obtained agreement to raise Court Costs recharged to non-payers by a significant level. This charge is intended to act as a deterrent to both late and non-payers and enables councils to fund improved recovery measures. The Review Panel concluded that the Benefits and Local Taxation Service could improve performance by ensuring that it agrees the highest possible level of Court Costs to be charged to non-payers.

Recommendation B2. “Court Costs”

That the Benefits and Local Taxation Service ensure the maximum amount possible is charged for Court Costs and to review the charge at regular intervals subject to any guidance/legislation governing Court Costs.

6.12. Benchmarking

6.12.1. The Review Panel found that where national performance indicators exist information for comparison could be extracted. The Review Panel felt that it is important to be able to monitor not only collection rate performance but also the costs of collection to ensure that collection is efficient and economic. Currently costs of collection information is difficult to obtain in any reliable form due to variations in the way the service is delivered, the sensitivity of the information and the absence of a national indicator.

6.12.2. The Review Panel found that gathering reliable comparison information around debt levels, provisions and write off activity is difficult. The Review Panel is grateful for the responses received and concluded that this is an area that would be improved by the Benefits and Local Taxation service undertaking specific benchmarking activity with a limited number of similar councils and one high performing or ‘beacon’ council.

6.12.3. The Review Panel concluded that there is a need for the Benefits and Local Taxation service to develop contacts with one or two similar councils and a high performing or 'beacon' council to enable the development of relevant benchmarks that will yield reliable information for comparison.

Recommendation B3. "Benchmarking"

That the Benefits and Local Taxation Service:

- Consider the benefits of becoming a member of the CIPFA benchmarking club for Benefits and Local Taxation.
- Develop a link with two similar councils and one high performing council to enable reliable and consistent information to become available for comparison of the costs of collection and debt recovery.

6.13. Performance Management

6.13.1. The Review Panel found that performance management is undertaken in a consistent manner and that Benefits and Local Taxation Service, team and individual performance is currently reviewed regularly. The Review Panel concluded that performance management should continue to be embedded in the re-organised service.

6.13.2. The Review Panel received evidence from the Benefits and Local Taxation Service and external sources on current performance and measures being taken to improve both in-year collection rates and prior year/s debt recovery. The Review Panel found that performance targets were in place for improvements to the in-year collection rates for both Council Tax and NNDR and that the re-organisation taking place is intended to enable improved debt recovery across the Benefits and Local Taxation Service. The Review Panel found that although there is a target to increase the take-up of payment by Direct Debit this might be further improved if client concerns regarding direct debit payments could be addressed. The Review Panel concluded that there is a need to publicise the benefits of direct debit payment.

Recommendation B4. "Performance Indicators"

That the Benefits and Local Taxation Service establish the concerns of prospective direct debit payers, take steps to address these wherever possible and to publicise the benefits of paying by direct debit using all communication methods at the Service's disposal.

Recommendation B5. “Performance Management”

That the Benefits and Local Taxation Service ensure that performance management, including performance measures to minimise the risk of clawback of Housing Benefit Subsidy, continue to be embedded within the re-organised service.

6.14. Data Sharing/Partnership working

6.14.1. From evidence presented by the Benefits and Local Taxation Service and external sources the Review Panel concluded that the ability to share data and work in partnership with other internal service areas and external organisations/services is a vital tool in managing debt levels and assisting debt recovery.

6.14.2. Benefits and Local Taxation are involved in the Pathfinder project to promote inter-agency working. Difficulties have had to be overcome that have arisen due to data protection requirements. The Review Panel accepts the service view that with more inter-agency information sharing it would be easier to trace absconders and extract payment. The Service feels that a link with the Inland Revenue would be particularly effective in reducing the level of arrears. This applies equally to internal Council departments.

Recommendation B6. “Data Sharing/ Partnership working”

That the Benefits and Local Taxation Service continues to:

- Seek effective ways of working in partnership with others, including the Inland Revenue.
- Seek ways of data sharing within the confines of the Data Protection Act.
- Promote the benefits to be gained by partnership working and data sharing through all mediums including the London Revenues Group.

6.15. Methods of Payment

6.15.1. From evidence gathered from the Benefits and Local Taxation Service and other councils the Review Panel found that other councils were able to offer more flexible payment options to make payment of bills easier. These options include more dates for direct debit, external paypoints, electronic/internet, and discounts for full payment of Council Tax made on 1st April. The Review Panel concluded that the Council should appraise the range of payment options and take steps to adopt those that will

improve performance in debt recovery. The Review Panel suggest that should credit card payments be adopted the associated commission costs be passed to the card-payer.

- 6.15.2. Details of how and where payment can be made is included with the Council Tax or Business Rate Demand and in the accompanying Council Tax / Business Rate booklet. The methods are:
- By instalment, monthly (April-January), quarterly(April,July,October,January), or half-yearly(April October), on the first of the month, via cash, cheque or standing order.
 - Direct Debit, choice of 1st or 15th of the month
 - Special arrangement for Council Tax only, weekly or two weekly
 - In full within 14 days of receipt of the bill
- 6.15.3. The Council can now take debit or credit card payments at the cashiers office. But as yet cannot operate on-line facilities.
- 6.15.4. The Review Panel found that this issue is critical to the collection of income across all services and have made corporate recommendations regarding this.

6.16. Complaints

- 6.16.1. The level and nature of complaints that a service receives can reveal areas of service that require improvement in some way. Complaints are a form of consultation and feedback for a service on performance.
- 6.16.2. The Council's complaints procedure follows a three stage process. The initial complaint stages 1&2 are dealt with at Business Unit and directorate level, stage 3 complaints are dealt with by the corporate complaints team.
- 6.16.3. A software package 'Respond' is used to log and track complaints at all stages and although information is being put on to the system it is still being developed in terms of reporting. Information is not at present easily accesible to inform services as to areas of potential risk, or where performance may be an issue. Both the Corporate Complaints team and Finance Directorate complaints teams are experiencing resourcing problems including a lack of IT support.
- 6.16.4. Whilst information on complaints handling is available for the Finance Directorate as a whole it has not been possible to extract information for Benefits and Local Taxation in isolation within the timetable for this review.

6.16.5. From evidence presented the Review Panel concluded that whilst complaints data is gathered and used for monitoring purposes, the system could be used more effectively to inform service improvements. Recommendations for service improvement in this area were made which would be taken forward corporately

6.17. Publicity

6.17.1. The service communicates with every household and business in the Borough and therefore has a major impact on public perception.

6.17.2. Evidence presented by the Benefits and Local Taxation Service and other councils to the Review Panel suggested that although all debt is pursued by the service a proportion of the public and business community see non-payment as an option. The Review Panel noted that there is a need for the public to become more aware of the importance of paying Council Tax/NNDR and the adverse impact non-payment has on both the Council's ability to provide services and an individual's credit status.

6.17.3. The Review Panel noted the need to educate/re-educate the public to accept that Council Tax debts needed to be recognised as a priority. The Review Panel noted that payment campaigns are undertaken by various Council services but concluded that there is a need for a corporate approach in educating the public and business community of the effect of non-payment on Council services, Council Tax levels and individual credit rating.

6.18. Enforcement Agencies

6.18.1. The Review Panel questioned in what way the costs of enforcement agencies were measured and how value for money was assessed. The Review Panel accepted that enforcement agencies take the debt from the council and recover their costs from the client; that they work on statutory fees to their clients, and that the Council incurs a cost when a separate tracing agency is used. The Review Panel also accepted that the Benefits and Local Taxation Service operates three contracts to enable comparison of performance, and monitoring takes place to oversee complaints, quality of service and to check that clients are not overcharged.

6.19. Procurement

6.19.1. The Review Panel found that other local authorities had adopted a policy of not doing business with suppliers who were in debt to the Council. The Review Panel concluded that this was a good incentive to the business community to pay and recommend that Haringey Council consider adopting a reasonable and practical policy.

6.20. Housing Benefit Subsidy Clawback

6.20.1. The Panel heard that each housing benefit subsidy claim needs to be backed by Rent Officer Certification that the rent is reasonable. At audit some claims were found to lack the necessary certification and subsidy reduced where certification could not be produced within a reasonable time. The Department of Works and Pensions interpreted rules on the use of agency staff to determine claims differently to many councils, including Haringey. Pressure from councils has led to a DWP framework to be developed and claims have been referred for Ministerial decision regarding possible clawback. Haringey is still awaiting a decision in respect of the financial years 2000/01 and 2001/02.

6.21. Fair Debt

6.21.1. The Review Panel noted that Haringey Council does not operate a 'fair debt' policy whereby all a persons debts are taken into consideration when seeking recovery. Such a policy would mean that pursuit of debt would be linked to genuine ability to pay. A fair debt policy involves debt counselling and would impact on levels of recovery. The Review Panel concluded that the adoption of a fair debt policy should be given further consideration by the Executive.

6.22. Debt Counselling

6.22.1. The Review Panel considered the value of debt counselling offered by other agencies such as Citizens Advice Bureau (CAB) and the level of grants given to such bodies. The Review Panel wondered if specific grant for debt counselling work would assist the Council in collecting Council Tax/NNDR debt. The Benefits and Local Taxation service felt that the biggest difficulty was getting the initial contact with the client.

6.23. Conclusions

6.23.1. The Review Panel found that the Benefits and Local Taxation service is taking action to improve income collection rates and to reduce the level of debt held and that these actions include re-organising the way the service is delivered and setting challenging performance targets. The Review Panel concluded that further improvement is possible and it is hoped the recommendations which it has made should enable the service to reduce debt levels.

7. Parking

7.1. Introduction

- 7.1.1. Parking income and debt reduction has been the focus of a previous scrutiny review in 1999. Recommendations arising from the 1999 review informed improved practice and led to a reduction of debt levels.
- 7.1.2. Members heard from a range of witnesses from the Head of the Parking service to parking attendants. A range of financial and performance data was reviewed as well.

7.2. Service and structure

- 7.2.1. Members heard that the primary function of the parking service is traffic management and that the service is expected to cover its own operational costs. Traffic management is a highly regulated area. The 1991 Road Traffic Act decriminalised parking giving responsibility back to local authorities.
- 7.2.2. The service is structured along the lines of a revenue/operations split. The Revenues team deal with debt recovery correspondence, and processing payments and permits. There is an in-house enforcement team and a close working relationship with the customer centres which deal with queries and take payments.
- 7.2.3. The service employs 110 staff. The service is currently reviewing the organizational structure with a view to increasing the numbers of frontline staff and creating a client monitoring team to monitor the effectiveness of all enforcement operations.

7.3. Parking Income

- 7.3.1. The income generated by on-street activities is regulated by the conditions of the 1984 Road Traffic Act. Under section 55, the service is required to report figures to Transport for London on an annual basis.
- 7.3.2. The parking account is a ring-fenced trading account, if the account is in surplus, this can only be used for the provision and maintenance of off street parking, the provision or operation of public transport services or highway improvements. Changes in

legislation which are expected will means surplus funds can also be used for highway maintenance.

7.3.3. Income is drawn from penalty charge notices, permits, pay and display, car parks and skips.

Table 4. The Parking Account- 2003/2004

	£
PCN	4, 865,000
Permits	500,000
Pay & Display	800,000
Car Parks	360,000
Skips	102,000
TOTAL	6 ,647 ,000
Expenditure	5, 419, 000
Surplus	1, 228, 000

Table 5. 2002/03 Income Collection

Total PCNs issued	171561	
Paid at Reduced Rate	55956	32.62%
Paid at Full Rate	14742	8.59%
Part Paid	702	0.41%
Charge Certificate	1877	1.09%
Court Costs	1576	0.92%
Bailiff	2203	1.28%
Total paid	77056	44.91%
Total unpaid	94505	55.09%
Cancelled	26073	15.20%
Written off	15929	9.28%
Remaining unpaid	52503	30.60%
Grand total	171561	100.00%
Payment Profile		44.91%

7.4. Payment methods

7.4.1. There is a range of payment methods available to customers. Payment may be made by post or in person at the parking customer centre or the Councils Customer service centres. Customers may also pay by telephone using credit/debit cards. The service has recently introducing Automated Telephone Payments [ATP] which allows credit card payments 24/7 via a touchphone system.

7.4.2. Members felt that this was, as with other areas of the review, one of the critical issues which needed to be addressed. Having standardised, appropriate, secure and flexible payment methods should be a matter of priority for the Council. This should include web-based payments. (Recommendation A4)

7.5. Recovery process

7.5.1. The current recovery procedure is legislative based. It comprises of issuing statutory notices, defending appeals, sometimes in court and cases being referred to Bailiffs as a last resort. The service issues a Penalty Charge Notice, which can be either settled within 14 days within which time the customer, is eligible for a discount, or 28 days. If this is not settled then a Notice to Owner is issued. A motorist has the right to appeal against the issue of a Penalty Charge Notice. The appeals process can only begin following the issueing of a Notice to Owner and includes representation to the Council and to an independent adjudication by the Parking and Traffic appeals service. The ticket is then either settled or cancelled if a representation is made which is accepted.

7.5.2. Members found that there was little room for manoeuvre within the legal recovery process.

7.6. Parking Debt

7.6.1. The service measures debt according to work in progress (recovery process) and cases that have been registered at court and are at debt registration (debt). Parking charges escalate as a case progresses through the recovery process and this inflates the outstanding debts. Parking charges increased in April 2003 which also inflates the levels of debts.

7.6.2. In the past a previous scrutiny review (Parking Income 1999) suggested improvements in efficiency which led to a decrease in parking debt. Performance on parking income is affected by which stage a parking debt is paid, debts settled later in the system lead to an increase in parking debt.

Table 6. Value of Debt outstanding

	2001/2002	2002/2003
Parking debt	7,846,000	6,950,000
Bad debt provision	7,216,000	6,320,000

7.6.3. Of the 26,000 PCNs which were cancelled in 2002/03, some 47% were cancelled because the service are unable to trace the owner. This is often due to the fact that the information which the DVLA keep on each car owner is not accurate or up to date. Members heard from parking attendants that developing closer links with the DVLA including establishing direct on-line link with the DVLA database would have a positive impact on income collection. Members felt that this was a vital area for the improvement of debt collection and have made recommendation (Recommendation C3) for the improvement of links with the DVLA.

7.6.4. Some 15% of the cancelled PCNs in 2002/3 were due to the notice being void. Members heard from parking attendants themselves of the importance of their making correct observations in accordance with Signage and Legal regulation, leading to the issue of accurate and correct parking penalty notices. Members found that this area, although one for concern and monitoring, was understood by officers and was being addressed.

Table 7. PCN Cancellation types 2002/03

Reason	Number of PCNs	Percentage
No Owner per DVLA	12254	47%
Void PCN	3911	15%
Recipient not owner	2086	8%
1st Contravention Blue & Orange Badge	1304	5%
Benefit of Doubt	1043	4%
Driver without Owner Consent	1043	4%
Loading / Unloading	782	3%
Resident's Permit	782	3%
Insufficient Info on PCN	521	2%
Broken Down	521	2%
Wrong Make or Colour	521	2%
Visitors Permit	521	2%
Compassionate Reasons	521	2%
TOTAL	26073	100%

7.7. Benchmarking

7.7.1. The Parking service engages in regular benchmarking with other London Boroughs allowing sharing of best practice and enables officers to measure performance against other Councils. However, officers have informed the review that specific information, for example regarding debt collection levels is sensitive and that Borough's are reluctant to share this information generally as it is open to misinterpretation. Haringey Parking officers have given evidence that the debt recovery performance by the Council is at the high end of the range of comparable boroughs. This range is

from 38% collected to a high of 55%. Haringey's collection levels are roughly 52% which officers have stated shows that the service is performing well in comparison to others.

Recommendation C1. “Benchmarking”

That more robust and formal benchmarking takes place around Parking service performance indicators and, that an informal exchange of visits between boroughs to share good practice and information occur.

7.8. Debt Management

7.8.1. The panel heard that the parking service takes procedures for debt management involve regular income profile monitoring, monthly budget monitoring, and regular overview of current recovery rates against target. Cases with the bailiffs are also monitored for progress.

7.8.2. Staff are issued with guidelines for cancelling tickets on receipt of challenges and representations, to ensure a consistent approach to issues such as mitigation.

7.8.3. There is provision within the Council's Financial Regulations to write-off sums owed to the Council when they are deemed to be beyond recovery. Debts of £1000 or less may be written on the authority of the Director of Finance. Debts over £1000 may be written off on the authority of the Executive Member for Resources and on the advice of the Director of Finance. The service is sometimes able to recover as much as £5000 from persistent offenders.

Recommendation C2. “Write off procedures”

That work is done to clarify write off procedures and levels; particularly that those potentially untraceable cases be written off at the earliest possible opportunity in order to not over-inflate the overall debt levels.

7.9. Performance

7.9.1. The service is exceeding expectations at present. Table 5 summarises in-year performance for the service to October 2003.

Table 8. In year 2003/04 performance as at October 2003.

Indicator	Performance	Against target
PCN issued	117,912,	+4.43%
PCN income	£2,847,744	+1.13%
Permits	£338,020	+3.43%

Pay & Display	£471,381	-1.11%
Multi Storey Car Park	£59,948	+7.05%
Surface Car parks	£203,411	+33%
Skips	£66,548	+11.84%

7.10. Service Improvements

7.10.1. Members heard that a Parking Improvement group was established to investigate and decide on action on a range of issues in the Parking Service mainly directed at improved levels of tickets issued and income collection. The work of the Parking Improvement Group to date in relation to income collection has included

7.10.2. Workshops are taking place with the Revenues staff on all correspondence and appeals, redefining the letters, using standardised templates with personalised input and a major review of correspondence receipting.

7.10.3. A Quality circle between Enforcement and Revenues to look at improvements including the use of offence codes.

7.10.4. A range of actions are planned to re-engineer the payments process including:-

- Transferring DVLA Link to Civica to get a response quicker than 7 days
- Transferring PCN recovery notices etc. onto Civica so they are posted daily not weekly
- Review of post receipting systems
- ATP payments being progressed and should be in place before Christmas
- Improved liaison with Access to Services and call centre staff
- SLA agreed with bailiffs while tendering process is underway
- Introduction of generic parking permits
- BPR with project board including implementation of CSC transfer
- Joint work with centre on alternative payment points

Recommendation C3. “Partnership working”

That the service establish close links with the DVLA regarding monitoring and reporting of abandoned vehicles including investigating the possibility of officers gaining access to DVLA database via the web.

Recommendation. “Partnership working”

That the service establishes close links with the police to ensure they do all within their power to protect parking attendants to provide

parking enforcement officers with greater confidence and authority in discharging their duties.

Recommendation C5. “Information Sharing”

That bailiffs used by all council services be encouraged to share information on debtors.

Recommendation C6. “Resources”

That cost appraisal be carried out of the effect of increasing resources for the parking service noting that any restructuring of the service should follow best practice and include formal written training programmes, procedure notes etc.

7.11. Conclusions

- 7.11.1. Members heard that overall there was room for improvement within performance on debt collection. However, current performance was not poor.
- 7.11.2. The service had an improvement plan which included measures to increase both the incentives / deterrents and also to encourage people to pay by improving correspondence and by improving access to different payment options.
- 7.11.3. Factors that would improve debt collection levels would be the introduction of clamp and remove service, establishing a direct on-line link with DVLA regarding abandoned vehicles and increasing resources of the parking service.
- 7.11.4. Partnership working with outside agencies such as the Police and the DVLA were considered vital, as was improved communication. Particularly that the bailiffs used by Parking services and those used by other services within the Council be encouraged to share information as much as possible within the constraints of the Data Protection Act. around the use of bailiffs.

8. Housing Rents

8.1. Service Description

8.1.1. The Review Panel found that Haringey rents over 19,100 properties to local authority tenants and that the Housing Rents Service is required to collect rent charged for these properties and recover arrears of rent accrued by tenants and former tenants of the Authority. The Review Panel noted that through working in partnership with Haringey Citizens' Advice Bureau (CAB) the Housing Rents Service also provides assistance to tenants in housing debt, enabling them to receive benefits and debt counseling advice.

8.1.2. The Review Panel found that Housing Rent is a major source of revenue and that the percentage of rent collected, as a percentage of rent charged plus outstanding arrears, is a national Best Value Performance Indicator (BVPI). It was found that improvement had been made over recent years and that the service expected to meet target.

8.2. Income from Housing Rent

8.2.1. The Review Panel found that in 2002/3 Haringey Council charged a total of £66,676,000 for the rent on the properties it owns and that this figure includes other charges that are collected by the council with the rent, e.g. water rates, and heating charges.

8.2.2. The Review Panel noted that the rent paid in respect of these charges is paid into the Housing Revenue Account (HRA) which has a ring-fenced budget. The HRA pays for all housing management services including housing repairs, estate services and the salaries of housing management employees.

8.3. Methods of Payment

8.3.1. The Review Panel found that the Housing Service offers the following methods of payment:

- Cash/cheque at post office/council cashiers
- Standing Order
- Wage deduction for LBH employees
- Rent Arrears Direct
- Payment by credit/debit card at council's cashiers
- Direct Debit

8.3.2. The Review Panel found that it is anticipated that the Council will be able to take debit or credit card payments over the phone in 2004. The Review Panel has considered the issue of associated commission charges in Phase 1 of the review and concluded that these charges should be borne by the card payer.

8.4. Assessment, Inspection and Review

8.4.1. The Review Panel found that this key Performance Indicator is closely monitored and that the Housing Service reports on this figure at the end of each month to the Chief Executive, Lead Member for Housing, and Council Executive, via the Director of Finance's Finance and Performance Monitoring Report. The panel agrees with the recommendations already set out in the improvement plan produced by the Director of Housing.

8.4.2. The Housing Management Service is subject to the following assessment, inspection and review processes and noted the actions being taken to address any weaknesses identified:

Comprehensive Performance Assessment

8.4.3. The Housing Service is assessed separately as part of the CPA process and makes an important contribution to the overall score. Housing recorded a score of 2/4 –'fair capacity for improvements'– in the latest CPA assessment.

8.4.4. Improvement in collection of housing rent has been identified as one of the key areas to improve this score and the action plan identifies improving Housing Services as a priority.

Best Value Review and Inspection

8.4.5. The Housing Inspectorate undertook their inspection of Haringey's housing management service in October 2001. The service was awarded a one star rating, signifying a 'fair' service, with 'uncertain' prospects of improvement.

8.4.6. Weaknesses in the management of rent and arrears were identified in the inspection, in particular the failure to reduce the backlog of rent arrears, and the lack of benefits/debt counselling provision for tenants.

8.4.7. The Review Panel noted that measures have already been taken to address these areas, including:

- Partnership arrangement entered into from July 2002 with Haringey CAB to provide benefits and debt advice to Haringey tenants.
- Mass retraining of housing staff in benefits and debt counselling in November 2002.
- Reduction of backlog of arrears by over £3million since April 2002 through a targeted suspension process, and targeted action against persistent non-payers.
- Service commitment to look for constant improvements in these areas and targeting this area in its 'Achieving Excellence' programme

8.4.8. The Review Panel found that the division has taken notice of concerns referred to in Audit Commission reports, the District Audit Report of 2002 regarding outstanding debt, CPA outcomes etc., and has attempted to address these in its planning activities and associated improvement plans.

8.4.9. The Review Panel noted that there is a stated management commitment to work towards achieving a two star rating at re-inspection by the Housing Inspectorate by fully implementing the Best Value Improvement Plan and meet Business Plan objectives.

8.4.10. The Review Panel found that business unit aspirations are clearly identified in its Business Plan for 2004/5 and that these directly address rent collection in the following ways:

- Continuous performance improvement measured against Best Value and local performance indicators.
- Achieve two star rating at re inspection
- Contribute to the Neighbourhood Renewal Agenda by employing additional CAB Advisors on benefits and debt.
- An overall debt reduction strategy

8.4.11. The Review Panel found that Housing Scrutiny Panel scrutinise the business planning process and have access to Pre Business Plan Review information. The Panel noted that the Housing Scrutiny Panel does not receive regular updates on performance against PI's and improvement/action plans for the Housing Rent area of Service. The Panel concluded that the Housing Scrutiny Panel should consider receiving regular updates on performance against PI's targets and progress in implementing improvement/action plans for the Housing Rent area of Service. The Review Panel further concluded that the Audit and Finance Scrutiny Panel should receive a summary version of the information provided.

8.5. Performance Monitoring

- 8.5.1. The Review Panel found that IT systems are integrated with the business process to assist in performance monitoring and that the Service produces on-line management reports for all the key rents Performance Indicators broken down on a borough, area and patch basis. It was noted that on-line reports are produced showing key information about rents performance
- 8.5.2. The Review Panel noted that performance information is monitored on a weekly basis, and measured against locally set targets. The Review Panel found that this enables the Housing Service to identify trends and to respond to under performance either locally, or via a co-ordinated strategic response at senior management level.
- 8.5.3. The Review Panel found that the Housing Services' Rent Action Plan picks up over-arching issues and details initiatives to deal with them. It was noted that some initiatives such as setting up of the CAB partnership, and the central rent collection team at South Tottenham Area Offices are piloted locally to test effectiveness prior to rollout to the rest of the Service.

8.6. Performance Indicators

- 8.6.1. The Review Panel found that Housing Rent is a major source of revenue and that the percentage of rent collected, as a percentage of rent charged plus outstanding arrears, is a national Best Value Performance Indicator (BVPI).
- 8.6.2. The Review Panel found that this key Performance Indicator is closely monitored and that the Housing Service reports on this figure at the end of each month to the Chief Executive, Lead Member for Housing, and Council Executive, via the Director of Finance's Finance and Performance Monitoring Report.
- 8.6.3. The Review Panel found that the Service also benchmarks using local performance indicators representing:
- Percentage of rent collected annually as a proportion of rent charged (not including arrears outstanding).
 - Total current arrears as a proportion of the total annual rent roll.
 - Average re-let times for dwellings let in the financial year

8.7. Current Recovery Performance

Table 9.: National and Local Housing Rent Collection Indicators

BV Ref	Description	Out-turn		London Top quartile	Target 03/04	Feb 04	Projected 03/04
		01/02	02/03				
66a	Proportion of rent collected	86.2	91.8	96.5%	93%	97.2	95%
66b	Rent Arrears as proportion of rent roll	13.8	5.2	n/a	5%	4.9 %	4.5
68	Average re-let times (days)	47.6	42.4	n/a	35	35.6	

8.7.1. The Review Panel noted the value of debt outstanding as detailed in Table 10 and that this represents an improved position

Table 10.: Value of Housing Rent Debt Outstanding at 31st March 2002 and 2003

	31.03.03 £m	31.03.02 £m
Debt Outstanding (Rents including water rates)	8.7	10.9
Provision for Bad Debt	7.5	12.6
Write-off for period reflected in debt outstanding and provision for bad debts.	4.5	1.4

8.8. Recovery Process

8.8.1. The Review Panel noted that the Service understands that effective rent collection, rent arrears prevention and rent arrears recovery are essential to good housing management and operate to a clear framework that encourages and enables tenants to get arrears under control before they become unmanageable.

8.8.2. It was noted that evictions for rental arrears do occur but that care is exercised in doing this to ensure that vulnerable people are not made homeless.

8.9. Suspension Procedures

8.9.1. The Review Panel noted that there is provision within the Council's Financial Regulations to suspend one off sums owed to the Council if certain criteria are met.

- Debts of £500 or less may be suspended on the authority of the Housing Accountant.
- Debts over £500 may be suspended on the authority of the Lead Member for Housing and on the advice of the Housing Accountant.

8.9.2. The Review Panel found that suspensions are conditional, and that these debts may be written back onto accounts if circumstances of tenants change.

8.9.3. The Review Panel were advised that the Service has carried out periodic boroughwide suspension exercises where, if certain pre determined criteria are met, then debts will automatically be suspended to £250. The monetary value of suspensions in the last financial year was over £3million.

8.10. Partnership Working

8.10.1. The Review Panel welcomed the establishment of partnership arrangements with both the local CAB and the Benefits Service that results in the Housing Management Service funding three CAB Welfare Benefits/Debt Advisors who provide specialist advice to council tenants referred by housing managers and two Housing Benefit Visiting Officer posts.

8.10.2. The Review Panel concluded that the development of partnership arrangements and directly funding benefit and debt advisory posts should be looked at as a cross cutting issue since a corporate approach might improve income recovery in other service areas such as Council Tax.

8.11. Vulnerable Tenants and Equalities

8.11.1. The Review Panel noted that where the vulnerability of a tenant has been established and the case has progressed to eviction stage, the Housing Manager would convene a case conference with all relevant support agencies to plan support following the eviction.

8.11.2. The Review Panel found that the Service accepted that some arrears cases will occur as a result of mental ill health or inability to cope rather than any desire or intent not to pay and have appropriate safeguards built into all stages of the recovery process, including:

- Home visits, particularly to elderly, disabled and new tenants.
- Referral to one of the Supporting People agencies who can provide support and assistance.
- The Housing Benefit Visiting Officers target tenants who are entitled to benefit but repeatedly fail to complete application forms / provide information in support of a claim.
- Direct payments from benefits are pursued wherever possible.

8.11.3. The Review Panel noted that where the vulnerability of a tenant has been established and the case has progressed to eviction stage, the Housing Manager would convene a case conference with all relevant support agencies to plan support following the eviction.

8.11.4. The Review Panel noted that Haringey's Supporting People initiative targets vulnerable council tenants who may be either single or vulnerable, families with children, or over 60. The Review Panel found that the Housing Service refers tenants who meet the above criteria, to one of the local agencies responsible for service provision under the Supporting People programme. The agencies provide tenancy-related support, including advocacy to these vulnerable tenants.

8.11.5. The Review Panel Found that rent recovery procedures comply with ISO 9002: 1994 which is a set of standards produced by the Institute of British Standards (BSI). This body sets standards, and monitors Public organisations to ensure that they are keeping to them.

8.11.6. The Review Panel found that the quality system ensures that procedures and instructions are consistent with all relevant statutory legislation and also that consistency of approach and service delivery is applied by all housing staff, eliminating discriminatory practice from service delivery.

8.12. Conclusions and Recommendations

8.12.1. The Review Panel found that this key Performance Indicator is closely monitored and that the Housing Service reports on this figure at the end of each month to the Chief Executive, Lead Member for Housing, and Council Executive, via the Director of Finance's Finance and Performance Monitoring Report. The panel agrees with the recommendations already set out in the improvement plan produced by the Director of Housing.

Recommendation D1.

That the Housing Rents Team continues to implement improvement plans including the aspects listed below, and monitor and report progress:

- Setting and achieving ambitious targets for rents performance through establishment of performance culture in Housing Management
- Set up rents focus group meeting with tenants to consult on rents service-

- Targeted end of year suspension exercise to reduce arrears backlog and encourage regular rent payment
- Review and implement additional payment methods in conjunction with Director of Finance
- Investigate and implement incentive scheme for tenants with clear rent accounts
- Implement improved sign up arrangements involving Housing Managers at Area Offices and CAB workers
- New publicity campaigns to encourage regular rent payment
- Set out strategy for managing rent arrears and debt as part of corporate debt policy
- Implement further improvements to arrears monitoring by Neighbourhood Housing Managers and Area Managers
- Carry out further targeted arrears suspension exercise
- Review strategy for dealing with former tenant arrears including options of sale of debt and use of external debt collection agencies.
- Evaluate effectiveness of pilot rent recovery team operating at South Tottenham Area.
- Evaluate results of tenant focus group and implement follow up actions.
- Establish dedicated Housing Benefit liaison officers linked to Area Housing Offices
- Borough wide training for housing staff in rents IT system by dedicated IT trainer.
- Review provision of pre-tenancy information and advice to prospective tenants.

Recommendation D2.

That the Housing Scrutiny Panel considers receiving quarterly updates on Housing Rent Service Performance against PI's and progress in implementing improvement/action plans

Recommendation D3.

That the Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting Housing Rent and debt recovery.

9. Leaseholders Service Charges

9.1. Service description

9.1.1. The Home Ownership collects leasehold service charge income. The service is required to bill, collect and recover leaseholder service charges and to provide a main point of contact for leasehold and right to buy queries.

9.1.2. The Review Panel found that Haringey leases 3896 properties which have been purchased under right to buy legislation (the Housing Act 1980). Under the Landlord and Tenant Act 1985 the Authority, as landlord, is responsible for recovering costs that are incurred in providing works or services, categorised as follows:

- Day to day service charges.
- Invoices for exterior decorations major works & improvements.
- Judgement costs in respect of court cases.
- Solicitors' resale packs.

9.2. Resources and structure

9.2.1. The Review Panel found that, except for the Right to Buy section which is funded out of capital receipts, the cost of the Home Ownership Team is covered by charges for administration included in all service charge bills.

9.3. Legislative framework.

9.3.1. The Review Panel noted the Legislative framework and from the evidence received found that the Council has experienced a number of problems in respect of the implementation of the provisions of Section 20 of the Landlord & Tenant Act which relates to the procurement of external decorations and major works and improvements.

9.3.2. The Panel noted that a major source of problems arose during the period of the policy of compulsory competitive tendering (CCT) and the use of the term contract to meet the Act's requirements in undertaking maintenance works to the Council's housing stock. In 1997 following advice from Jonathan Brock QC, it was decided that future exterior decorations and major maintenance works should be competitively tendered, unless there were special circumstances.

9.3.3. The Review Panel was advised of the following issues arising:

Legal validity of Section 20 Notices.

9.3.4. The Council is required to provide Leaseholders with two estimates for the works, one from an independent contractor. This was not possible under the use of the term contract, and works carried out by this means have attracted a number of challenges from leaseholders as to their legal validity. However the Council has a strong defence under section 20(9) of the Act which states that “the court may, if satisfied that the landlord acted reasonably, dispense with all or any of the relevant requirements.”

Legal recovery action.

9.3.5. The Council has been obliged to commence legal proceedings in a number of cases where there are arrears or where people are disputing payment for various reasons. The main part of the arrears of service charges relates to major works and exterior decorations, which are being disputed on the grounds of alleged deficiencies in the Section 20 Notices.

Service Charge Revenues

9.3.6. The Review Panel found that leaseholder service charges are built up and billed as follows:

- Day to day service charges – billed annually: An annual estimated account is sent to leaseholders in March that estimated charges for the coming financial year. In the autumn a Certificate of Actual Service Charges is sent to each leaseholder that gives the actual costs incurred on the services provided, together with an adjustment for over or under expenditure as against the original estimate.
- Exterior Decorations: Covers re-decoration of the outside of the block, is subject to consultation under Section 20 of the Landlord & Tenant Act 1985, is carried out on a 5-year rolling programme and billed separately.
- Major Works and Improvements: Comprises any major repair or improvement work, such as replacement of a roof, windows, estate landscaping, subject to S20 consultation and billed separately.

9.3.7. The Review Panel noted that £3.8 million has been billed as service charges for the financial year 2003/04 as detailed in **Table 11**. below.

Table 11.: Amounts billed in 2003/04

Charge Type	£
Estimated day to day service charges 2003/4	2,190,336
Supplementary charges arising out of actual accounts 2002/3	118,547
Exterior decoration works invoices	131,644
Invoices for major works and exterior decorations	1,399,984
	£3,840,511

9.4. Inspections/reviews

9.4.1. The Review Panel noted that this area of service had been subject to various Inspections and reviews as noted below:

District Audit Report March 2002

9.4.2. The audit sought to establish whether Haringey is identifying and recovering charges relating to both revenue and capital expenditure and came to the following conclusions:

- Debt owed to the Authority by its leaseholders was £3.3m, of which £3m was for capital works and the remaining £300k was for annual service charges.
- Recovery of standard service charges had improved in recent years but recovery of charges for capital works remained a problem.
- Collection of service charges had improved considerably following a series of measures including the merging of the housing accounts and the income sections within the Home Ownership Team, and the encouragement of payment by instalments and standing orders.
- Section 20 notices for capital works were issued from 1992 but invoices relating to these works were not issued until 1999; some leaseholders were disputing their debts because the Council did not put work out to tender and a court case is pending.

9.4.3. The following key recommendations for the service were identified:

- Ensure action is taken against those leaseholders who have not made arrangements with the Council to clear outstanding debts;
- Ensure proper arrangements are in place to advise officers of legal issues with financial implications;
- Ensure regular reconciliation of legal and HOT records are performed;
- Clear the backlog of claims for relief on grounds of hardship.

9.5. Housing Scrutiny Review of Leaseholder Services (Nov 2003)

9.5.1. The Review Panel heard that a Scrutiny Review of Leaseholder Services had taken place that was directly relevant to the objectives of this review in regard to levels of debt, debt recovery and performance monitoring. The Review Panel noted that the recommendations accepted had been incorporated into the Leasehold Services Improvement Plan (Oct 2003) were being progressed.

9.5.2. The most significant recommendation of the Leaseholders Services Scrutiny Review (2003) and one of the major action point arising from it is to clear all outstanding debts from past and current leaseholders and ensure that future arrears are dealt with promptly and decisively to prevent future accumulations.

9.6. Benchmarking indicators

9.6.1. The Review Panel found that the Home Ownership Team is a member of a group of local authorities in London led by Camden (under the auspices of the Association of London Government). This group is compiling comparative statistics on various aspects of service charge activities.

9.7. Partnership Working

9.7.1. The Review Panel found that the Home Ownership Team has close working relations with:

- External consultants (Frankhams) concerning Right to Buy valuations
- Haringey Home & Building Services concerning all repairs issues
- Legal Services concerning RTB issues, recovery matters, etc
- Solicitors representing purchasers and vendors of leasehold properties
- Banks and building societies concerned with the payment of arrears
- Citizen's Advice Bureaux advising on arrears, etc (to be implemented).

9.8. Payment Methods

9.8.1. The Review Panel noted that the following arrangements were in place for leaseholders to pay service charges:

Payment of annual service charges.

- The lease states that the annual estimated service charges are payable quarterly in advance but most people pay monthly by standing order.
- Monthly by standing order
- Quarterly in advance by standing order, cash or cheque

Arrangements for the payment of major works invoices.

- Leaseholders are given a number of options for the payment of their invoices, including:
 - Interest free instalments over 2 years.
 - Secured loan at a rate of interest of 9.00%
 - Re-mortgage
 - Legal Charge attached to property, which will be redeemed at the time of sale.

9.9. Recovery procedures.

9.9.1. The Review Panel found that the service had established standard procedures for the collection of the quarterly service charges, including prompt billing, frequent reminders and an emphasis on instalment methods, especially by standing order.

9.9.2. The Review Panel noted that computerised systems have been introduced for producing all the standard letters and documents required in undertaking recovery action and managing legal cases. The Review Panel was advised that these systems incorporate records (or databases) on which each action taken is logged and that this facilitates the monitoring of the progress of individual cases and enables summary information to be produced when required.

9.10. Write-off procedures

9.10.1. The Review Panel noted that legal advice is requested from the Legal Department with regard to all amounts over £500 written off or deemed to be irrecoverable.

9.10.2. The Review Panel was advised that the for refunds the following procedures are in place:

Day to day service charges. Where a leaseholder alleges that a service is not provided and requests a refund of their service charges, the matter is referred to the Area Housing Office for them to ascertain the position and authorise a refund as appropriate.

Exterior decorations. Refunds of amounts up to 20% of the cost of the work are determined on the basis of assessments made by

the Home Ownership Team's quantity surveyor. Amounts in excess of this are referred to the responsible person in HHBS. (This procedure is awaiting agreement).

9.10.3. The Review Panel noted the major sums written off as detailed in Table 12 below:

Table 12.: Write –off activity 2002

Reason for loss	£'000
Delays in issuing invoices, following S.20 notices	239
Failure to invoice improvement works in the financial year following completion of work as required by the LA's lease	657
Total	896

9.11. Recovery Performance

9.11.1. The Review Panel noted recovery performance as detailed in Table 13 below:

Table 13.: Recovery Performance as at 31/10/2003

Charge Type	Balance as at 31/03/03	Total Billed During this year	Total Recoverable	Balance as at 31/10/2003	Total Collected this year
	£'000	£'000	£'000	£'000	£'000
Day to day	667	2,309	2,976	1,528	1,448
External decorations	753	132	885	582	303
Major Works	2,525	1,399	3,924	3,057	867
Total	£3,945	£3,840	£7,785	£5,167	£2,618

9.12. Current Developments

9.12.1. Arising from the audit and more comprehensively from the Scrutiny Review of Leaseholder Services, an action plan was developed and is being implemented. The Review Panel noted the proposed developments outlined below:

9.13. Prompt payment incentives.

9.13.1. The Service proposes that a discount be applied to service charges where the following criteria applies:

- Payments made in full in advance for the whole year.
- Quarterly payments made in full within 7 days.
- Payment by standing order arrangement.

This is intended to produce a reduction in administration costs.

9.14. Conclusions and recommendations

9.14.1. The Review Panel noted that a comprehensive scrutiny review of Leaseholder services concluded in November last year with the adoption of the action plan. One of the main recommendations of the review and one of the major action point arising from it is to clear all outstanding debts from past and current leaseholders and ensure that future arrears are dealt with promptly and decisively to prevent future accumulations. Following on from this, the Council is undertaking an urgent review of the current formulae and methods of charging leaseholders and ensuring that all re- payment options are made available to leaseholders and that the council considers adopting a buy back policy.

Recommendation E1

The Review Panel recommend that the Home Ownership Team continues to implement the improvement plans and to monitor and report progress to Housing Scrutiny Panel.

Audit and Finance Scrutiny Panel receive a quarterly update on performance in collecting service charges and debt recovery

Recommendation E2

The Review Panel recommends that Audit and Finance Scrutiny Panel receive regular performance updates covering all Council debt collection and recovery activity.

Appendices

Appendix 1. Witnesses to the Review

Haringey Officers

Andrew Travers	Director of Finance
Paul Ellicott	Head of Benefits and Local Taxation
Anne Cunningham	Head of Parking Services
Jackie Thomas	Assistant Director Housing Management

Parking Enforcement Officers

External Witnesses

Head of Finance LB Havering
Head Finance LB Waltham Forest