

Audit Summary Report

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Debt Recovery Arrangements Follow- up Review

City of York Council

Audit 2007/08

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Introduction

- 1 This report summarises the findings from our follow up review of the debt recovery arrangements in place at City of York Council, with specific reference to Council Tax (CT) and National Non-Domestic Rates (NNDR).
- 2 We reviewed the Council's arrangements for debt recovery in August 2006 and found that there had been some improvements in the performance in collecting current year CT and NNDR, but the Council still remained below the median compared to other councils. We identified several areas for improvement in relation to members approving a policy for recovery procedures and the monitoring and reporting of targets against actual collection rates.
- 3 This year we followed up this work to assess your progress in implementing the action plan.

Audit approach

- 4 Our follow up review involved:
 - structured detailed discussion with key personnel; and
 - an examination of relevant documentation

Main conclusions

- 5 The council has not addressed the majority of the recommendations from our report dated August 2006. Progress has been made to monitor debt levels owed to the council for CT and NNDR, but there is still further work needed to address the monitoring of overall debt owed to the council, approve a comprehensive policy for debt recovery procedures, report the total level of debt and comparing them to target levels and review their approach to enhancing the telephone sign up of direct debits.
- 6 In particular, the Council should:
 - Finalise and implement the income collection policy, to cover all aspects of income collection including concessions, discounts, recovery collection and an assessment of at what level collecting debt becomes uneconomical
 - Obtain member approval of the policy
 - Put in place arrangements to regularly update the policy to take into account changes, such as the proposed move to outsource the NNDR function
 - Set and monitor targets in monetary and percentage terms throughout the year for
 - overall debt combining current year and older year debts and
 - CT and NNDR collection rates separately and

- for both current year and older year debts (separately and combined)
 - Review the arrangements in place against the good practice identified by the Audit Commission report to ensure that improved efficiencies can be made in the collection of monies due to the council, through the increased use of direct debits.
- 7 The report and action plan issued in August 2006 were not presented to Members after they had been agreed. It was clear from our discussions with officers, that they too, were unaware of this report, and have not been monitoring the implementation of the action plan issued. As a result of the lack of monitoring the implementation of the action plan, the specific recommendations within the action plan have not been carried out.
- 8 A detailed assessment of your progress in implementing the recommendations is set out in Table 1.

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Table 1 Detailed Report

Recommendation from 2006	Current position	Conclusion	Way forward (new recommendation)
Members must approve the policy for recovery procedures	Officers are currently working on pulling together an income collection policy that will also include information on recovery procedures, provide clarity on concessions and discounts. The officers are liaising with the Executive Member for Corporate Services and Advisory Panel on the policy and it will be endorsed by members when it is completed.	Further work is needed to address this recommendation, as the policy must first be completed before it is approved by Members.	<i>R1 Complete the income collection policy to include all aspects of income, recovery collection, concessions and discounts. Obtain Member approval for the policy once complete.</i>
Update and gain member approval on the policy to demonstrate at what level debt becomes uneconomical to collect.	See comments in the recommendation above. As the policy is still being worked on, Members have not been able to approve the policy. Officers need to ensure that the policy they are producing does show at what level debt becomes uneconomical to collect.	Further work is needed to address this recommendation, as there is no policy in place to show at what level debt becomes uneconomical to collect. The policy must be completed by officers and then approved by Members.	<i>R2 Include information in the income collection policy that is being prepared (R1) on the level that debt becomes uneconomical to collect and then obtain member approval for the policy.</i>
The overall debt owed to the	A Performance Statistics booklet is produced monthly for	The monitoring of overall debt owed to the council against targets needs	<i>R3 Monitor the overall debt level compared to targets for both</i>

Recommendation from 2006	Current position	Conclusion	Way forward (new recommendation)
<p>Council should be monitored against targets.</p>	<p>Revenues and provides members with lots of information on collection of Council Tax (CT) and National Non-Domestic Rates (NNDR) per month and the cumulative amounts. The booklet includes tables showing the comparison of monthly actual collection of debt compared to targets for both CT and NNDR (separately). These tables are produced for current year debts. For older year debts, there is information included on the reduction in the level per month. However, there is no information on comparing / monitoring overall debt against targets within these Performance Statistics booklets.</p>	<p>to be improved and included within the Performance statistics booklet that is produced for Members monthly. Officers could also include tables in this booklet on the amount of cash received for older debts compared to targets.</p>	<p><i>CT and NNDR.</i></p>
<p>Clearly report to members the total level of outstanding debt and comparison against target levels.</p>	<p>See recommendation above. The Performance Statistics booklet includes lots of information on collection levels and compares the collection of cash on a monthly basis for both current year debts and</p>	<p>Members are not getting the total level of outstanding debt reported to them in monetary terms and comparing them to combined targets for current and old debts, so further work is needed to address this recommendation to ensure that</p>	<p><i>R4 Report to Members the overall debt arrears and the collection of this debt against target levels.</i></p>

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Recommendation from 2006	Current position	Conclusion	Way forward (new recommendation)
	<p>older debts, separately. However, information is not reported to members on the total level of outstanding debt and a comparison of this against target levels.</p>	<p>Members do have full access to all levels of debt compared to targets.</p>	
<p>Review current arrangements against the good practice identified in the national Audit Commission report.</p>	<p>There is no indication that officers and members have specifically reviewed the current arrangements against the good practice identified in the Audit Commission report as key officers were unaware of the initial report.</p> <p>A telephone initiative of moving CT customers onto direct Debits (DD) is now in place and all contact centre staff are able to set up DD instructions over the telephone.</p>	<p>Further work is necessary to address this recommendation as officers need to show they have reviewed the arrangements in place against the good practice shown in the Audit Commission report.</p>	<p><i>R5 Carry out a review of the current arrangements in place against the good practice identified in the Audit Commission report.</i></p>
	<p>Members and officers were not aware of the original report when it was issued in August 2006. As a result, monitoring of the implementation of the action plan has not been occurring and the action plan has not been carried out.</p>	<p>The monitoring of the action plan is not being implemented.</p>	<p><i>R6 Officers and Members need to be aware of this report and ensure that the action plan is implemented in a timely manner.</i></p>

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 Complete the income collection policy to include all aspects of income, recovery collection, concessions and discounts. Obtain Member approval for the policy once complete.	3	Income Project Manager	Agreed	The corporate Income Policy went to Members on 9th September 2008 and Member approval was obtained.	09.09.08
6	R2 Include information in the income collection policy that is being prepared (R1) on the level that debt becomes uneconomical to collect and then obtain member approval for the policy.	3	Service Manager	Agreed	The level at which debt becomes uneconomical to collect is something that would be calculated by individual service managers responsible for the specific debt collection. It is not envisaged that this would be held as part of the actual policy, but CYC will investigate holding a central register for all Debt Recovery Business areas in order to establish the most appropriate way forward.	
6	R3 Monitor the overall debt level compared to targets for both CT and NNDR.	2	Service Manager	Agreed	The organisation will need to establish its Income Collection structure/organisation and establish management responsibilities, but agree that monitoring of the overall levels of debt compared to target is required. This is currently monitored (albeit current and old debt) and management information is provided on a regular monthly basis and reviewed at Performance Meetings.	
7	R4 Report to Members the overall debt arrears and the collection of this debt against target levels.	2	Service Manager	Agreed	This would ordinarily form part of the Resources Monitor to Members.	
8	R5 Carry out a review of the current	1	Head of Revs &	Agreed	The original recommendation was in respect of	Completed

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Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	arrangements in place against the good practice identified in the Audit Commission report.		Bens		Direct Debits. This review was undertaken and resulted in the introduction of Telephone Sign up for Direct Debit (and automation) in 2007.	2007
8	R6 Officers and Members need to be aware of this report and ensure that the action plan is implemented in a timely manner.	3	AD Public Services	Agreed	The audit recommendations will be included as part of the next Monitor report. The action plan will be incorporated into service plans.	

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