

Peter Turner
Director of Finance
London Borough of Bromley
Civic Centre
Stockwell Close
Bromley
BR1 3UH

Date: 30 November 2013

Our Ref: AIF/GT

Dear Peter

As we approach the January 2014 Executive & Resources PDS meeting where we consider and review the Exchequer service, we take this opportunity to write to you with Liberata's assessment of the performance that we have provided to London Borough of Bromley (LBB) and its citizens.

This summary covers performance for the period 1st April 2013 to 30th September 2013.

Council Tax

The in-year collection performance up to 30th September 2013 was 57.84% which was 0.70% behind that being achieved at the same time last year.. Our arrears collection was 57.68% which was 0.83% behind our previous year's figures.

Our performance this year has been affected by a number of factors. There has been an increase in the collectable debt due to the replacement of Council Tax Benefit (CTB) with Council Tax Support (CTS). Also legislation changed from April 2013 to allow residents to pay over 12 months whereas previously it was 10. There are now over 11,983 (£3.3m) accounts paying over 12 months. In addition, there has been the removal of exemptions for vacant properties and those undergoing major repair.

In order to counter the affect of the above we have slightly amended our recovery so that the minimum debt before which a reminder is issued has been reduced to £20 rather than £25. This is to ensure that the CTS cases, which were previously in receipt of full CTB, all receive reminders. The minimum debt before a summons is issued has been increased from £60 to £80. This is to ensure that the summons costs are not seen as being excessive when compared to the original debt.

We are continuing with the drop-in summons surgeries each month. This provides taxpayers with the opportunity to meet with Customer Services staff to discuss issues and make arrangements to pay.

Business Rates

Most London Borough Local Authorities are experiencing a drop in collection of Business Rates. This has been attributed to the five year Rateable Value increases that came in during the previous period, along with the economic climate. However, Bromley's collection rate for in-year debt for the period was 61.05% which was a 0.16% improvement on last year's figure. The arrears collection figure of 60.23% for the period was ahead of last year by 0.53%.

The team have continued with its targeted collection activities, focusing on checking the Top 500 debtors for any defaulters, improved monitoring of bailiff cases over 90 days, and proactively following-up of the arrears outstanding, in particular those of the last two years.

Debtors and Income

The in-year collection figure on sundry debts was 73.82% as at 30th September 2013, which generated income of £10.9m. Liberata continues to work in partnership with service departments to improve collection and recovery. Liberata regularly meets with London Borough of Bromley staff to discuss arrears and proposals for process changes in order to improve the service to our customers and to increase collection. Trials with alternative debt collecting agencies are continuing together with pro-active collection activities within the team.

The need for Nightly Paid Accommodation continues to rise. The level of arrears has increased but the income from Housing Benefit and occupiers payments have also increased. An additional resource is focusing on raising the level of income recovered and the original target increase of £65k in payments from debtors this financial year is likely to be exceeded. Liberata continues to work closely with the Temporary Accommodation team to reduce the time taken to set up rent accounts. This, together with process improvements, will improve collection further.

Liberata's streamlined invoicing process should be in place by the end of December. This will allow Liberata to issue invoices on the day of request, as well as improving accuracy and clarity for the customers.

The annual issuing of the Trade Waste contracts went smoothly with £117k of the outstanding debt of £157k being covered by direct debit payments.

Accounts Payable

Following the transfer of the Accounts Payable (AP) Team in February 2013 good progress has continued to be made regarding the consistency of the service provided.

During the first 6 months of 2013/14 the percentage of invoices that were paid within 30 days increased from 96% in 2012/13 to 97%. The percentage paid within 20 days has also increased from 92% to 94% over the same period.

In addition the percentage of suppliers paid by BACS has increased from 85% for 2012/13 to 86% for the first 6 months of 2013/14.

Cashiers

During the period to 30th September 2013 £17.11m was collected which covered 35,545 transactions, this includes amounts taken via the Kiosk, post, central income and all parking revenue.

Liberata continue to encourage customers to make payments by Direct Debit.

Pensions and Payroll

The HMRC Real Time Information programme went live successfully on 1st May 2013. This means that all relevant information required by HMRC is now sent electronically on a monthly basis instead of annually. The objective of the programme is to modernise and improve the operation of PAYE so that, over time, PAYE deductions for individuals will become more accurate. The other objective is to support the operation of Universal Credit when it is introduced by the Department of Work and Pensions.

Monthly assessments of eligible staff by earnings for Auto-enrolment continue to be carried out manually due to deficiencies in the payroll system. New software intended to resolve this issue is due to go live in January 2014.

The growing number of schools converting to Academy status has further created additional work resulting from each Academy becoming an employer in its own right.

During this busy period the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%; the Pension Team achieved an average of 98.06% service level compliance.

Liberata remains firmly committed to delivering an outstanding service to the London Borough of Bromley and its citizens.

Yours sincerely

Amanda Inwood-Field
Contract Director

The key elements of the Revenues Service includes (2013/14 figures):

- £ 167 million – Annual amount of Council Tax raised
- £ 99 million – Annual amount of Business Rates raised
- £ 17.2 million – Annual Council Tax Support
- £ 63.5 million – Year to date payment of Housing Benefit
- £ 55.1 million – Year to date gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies)
- £ 12.1 million – Year to date payment of pensions
- £ 10.9 million – Sundry Debt collection on in-year debts
- £ 1.98 million – Nightly Paid Accommodation charges collection
- £ 17.11 million year to date revenue on 35,545 transactions, this includes Kiosk (3,600 Loomis cash collections per annum during financial year 2013/14)

Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	As at 31/03/12	As at 31/03/13	As at 30/09/13
BV9:CTAX Collected	96.8%	97.1%	97.0%	97.0%	97.1%	97.03%	97.28%	97.59%	97.65%	97.76%	57.84%

Actual 30 September – 57.84%

The amount of collectable debt raised for the year 2013/14 is £167m (net of Benefits) in respect of 136,435 properties.

4,042 refunds for £1,589,497.73 have been issued during April 2013 to September 2013.

The following Council Tax recovery notices were issued:

	2006/7	2007/8	2008/09	2009/10	2010/11	31/03/12	31/03/13	30/09/13
Reminders	53,371	41,710	39,382	34,892	34,971	51,920	45,816	36,513
Summonses	13,757	14,244	13,432	17,061	19,774	16,436	16,168	7,779
Liability Orders	10,135	6,270	7,079	10,713	12,956	9,396	10,868	5,812
14 day letters – Bailiff warning	11,332	11,276	10,761	13,127	11,823	11,757	12,518	8,793
Accounts passed to Bailiff	5,864	6,896	6,882	9,724	9,538	All at 14 day stage	All at 14 day stage	All at 14 day stage

NB: The first 14 day letters were issued directly to the bailiffs from **11 July 2011**.

The 2012/13 debt carried forward at the 1 April 2013 was £3,937,288.93

Council Tax – Summoned Debt	
Summonses/costs	367,888.30
Arrangement	239,726.15
14 day/ Bailliff	1,246,119.52
Attachments / pending	66,836.02
Bankruptcy/ charging orders / committal / Tenons	465,302.87
Liability	570,352.21
Un-summused Debt	
Final (un-sum)	415,453.44
Un-summused	565,610.42
Total	3,937,288.93

The breakdown analysis of the total 2012/13 debt outstanding at the 1 April 13 of £3,937,288.93 is shown above. There are various stages of summons and post summons action and remedies that are going “through the process” with £565,610.42 at the pre summons stage.

CTAX Arrears Breakdown as at 30 September 2013

	Arrears B/F 31/03/2013	Arrears carried forward	Net reduction	Actual % collection
1993	2,665.60	1,142.50	1,523.10	
1994	4,639.15	2,386.06	2,253.09	
1995	6,957.79	4,222.18	2,735.61	
1996	10,442.27	5,919.10	4,523.17	
1997	30,454.59	15,434.06	15,020.53	
1998	56,433.42	28,770.65	27,662.77	
1999	88,222.71	44,142.47	44,080.24	
2000	124,605.41	88,801.27	35,804.14	
2001	195,221.17	150,764.64	44,456.53	
2002	232,308.76	188,854.83	43,453.93	
	751,950.87	530,437.76	221,513.11	29.46
2003	309,948.52	254,645.23	55,303.29	17.84
2004	382,285.00	322,238.01	60,046.99	15.71
2005	499,230.92	419,027.44	80,203.48	16.07
2006	686,352.48	556,755.66	129,596.82	18.88
2007	897,410.50	742,987.27	154,423.23	17.21
2008	1,197,698.01	974,587.35	223,110.66	18.63
2009	1,346,759.28	1,087,095.37	259,663.91	19.28
2010	1,625,055.31	1,282,077.25	342,978.06	21.11
2011	2,349,511.76	1,787,682.37	561,829.39	23.91
2012	3,937,288.93	2,667,992.73	1,269,296.20	32.24
Total	13,231,540.71	10,095,088.68	3,136,084.91	

Business Rate Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 2003/04	Actual 2004/05	Actual 2005/06	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	As @ 31.03.13	As @ 30.09.13
BV10: Rates Collected	98.5%	98.7%	99.6%	99.5%	99.8%	99.1%	99.02%	98.9%	98.81%	98.72%	61.05%

Actual 30 September 2013 – 61.05%

The amount of collectable debt raised for the year 2013/14 is **£99 million** in respect of **7,268** properties.

There have been **374** refunds actioned from the 1 April 2013 to the 30 September 2013 amounting to **£1,456,302.87** in respect of vacation and rateable value reductions.

Appendix 2

The following recovery notices were issued -

	2004/5	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 @ 30.09.13
Reminders Issued	4,352	3,486	4,972	4,559	3,609	3,977	3404	2,536	4,023	2,603
Final Notices Issued	359	239	585	1,698	1,529	1,892	1,824	1,741	2,014	1,727
Summonses Issued	1,024	1,137	980	894	704	903	725	1,156	987	756
Liability Orders	706	775	675	602	426	666	672	749	683	574
7 day letters issued	423	1,021	1,421	605	299	674	367	471	501	No longer used
Accounts passed to Bailiff	200	322	542	331	130	316	430	537	645	433

The 2012/13 debt carried forward at 1 April 2013 was **£1,402,004.01**

NDR – Summonsed Debt	
Summons	53,799.81
Arrangement	95,051.08
7 day	9,364.24
Bailiff	200,439.49
Recovery	146,215.77
Liability	250,628.57
Un-Summonsed	
Reminders	308,080.76
Finals	224,480.99
Non Recovery	
Billing	113,943.30
Total	1,402,004.01

Movement in arrears for reporting period –

Arrears total 1990 - 2012/13 as at 01/04/13 £ 1,857,800.31

Arrears total 1990 - 2012/13 as at 30/09/13 £ 1,668,353.96

Reduction Overall arrears £ 189,446.35

NNDR Arrears breakdown as at 30 September 2013

	Arrears B/F 31/03/2013	Arrears carried forward	Net reduction	Actual % collection
2002	652.73	-	652.73	100.00%
2003	-	-	0.00	0.00%
2004	-	-	0.00	0.00%
2005	-	-	0.00	0.00%
2006	120.00	1,779.79	-1,659.79	-13.66%
2007	1.00	4,485.50	-4,484.50	-4484.50%
2008	13,599.88	12,720.49	879.39	6.47%
2009	52,786.13	47,600.23	5,185.90	9.82%
2010	115,974.12	165,004.07	-49,029.95	-42.28%
2011	272,662.44	300,313.24	-27,650.80	-10.14%
2012	1,402,004.01	1,136,450.64	265,553.37	18.94%
	1,857,800.31	1,668,353.96	189,446.35	

** 2006 / 2007 – backdated liable new company billed - so increased debt collectable for these years

**Increase in 2010/11 & 2011/12 due to split of 1 property by VO 60 into separate assessments, backdated to 01.04.10

Cashiers Data

The cashiering service dealt with the following transactions in the period 1 April 2013 to 30 September 2013

Civic Centre Total	Transactions including Kiosk
£17,109,027	35,545

Payroll Data:

The average number of payments made each month/annually is shown below:

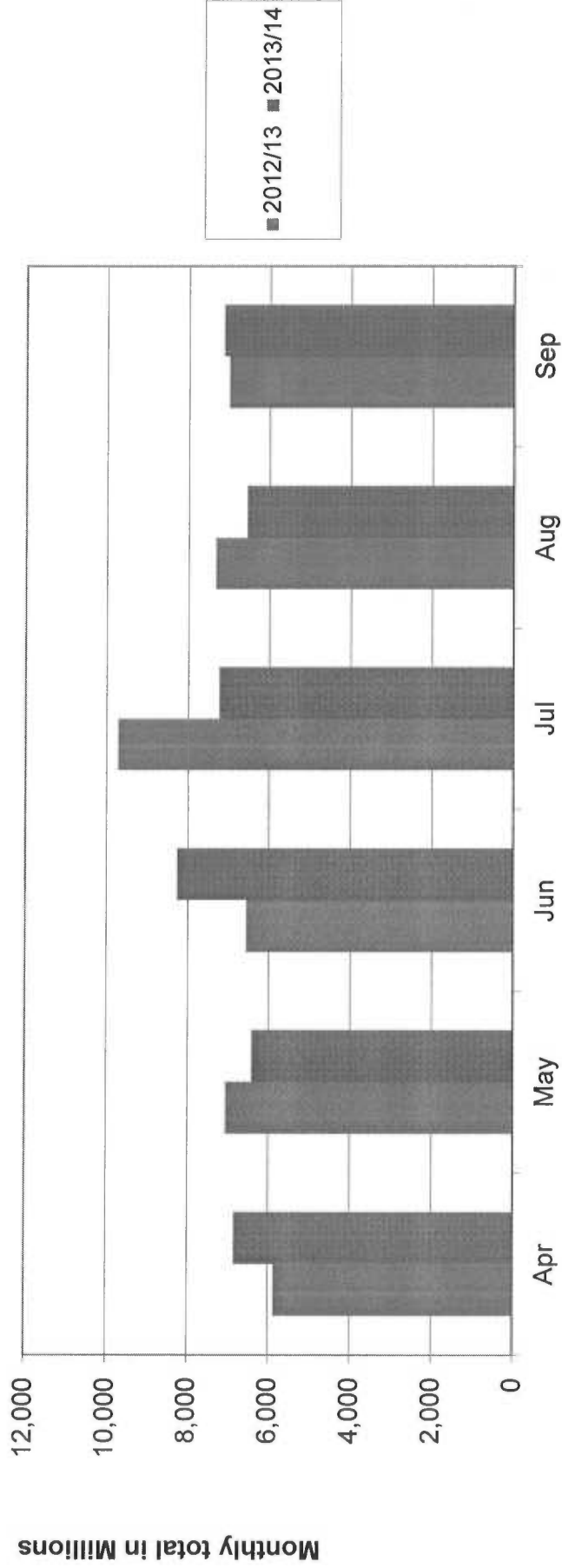
	Monthly	Annually
Non Teaching/Teaching	5,791	69,492
Pensions	4,756	57,072

Appendix 2

Complaints Data:

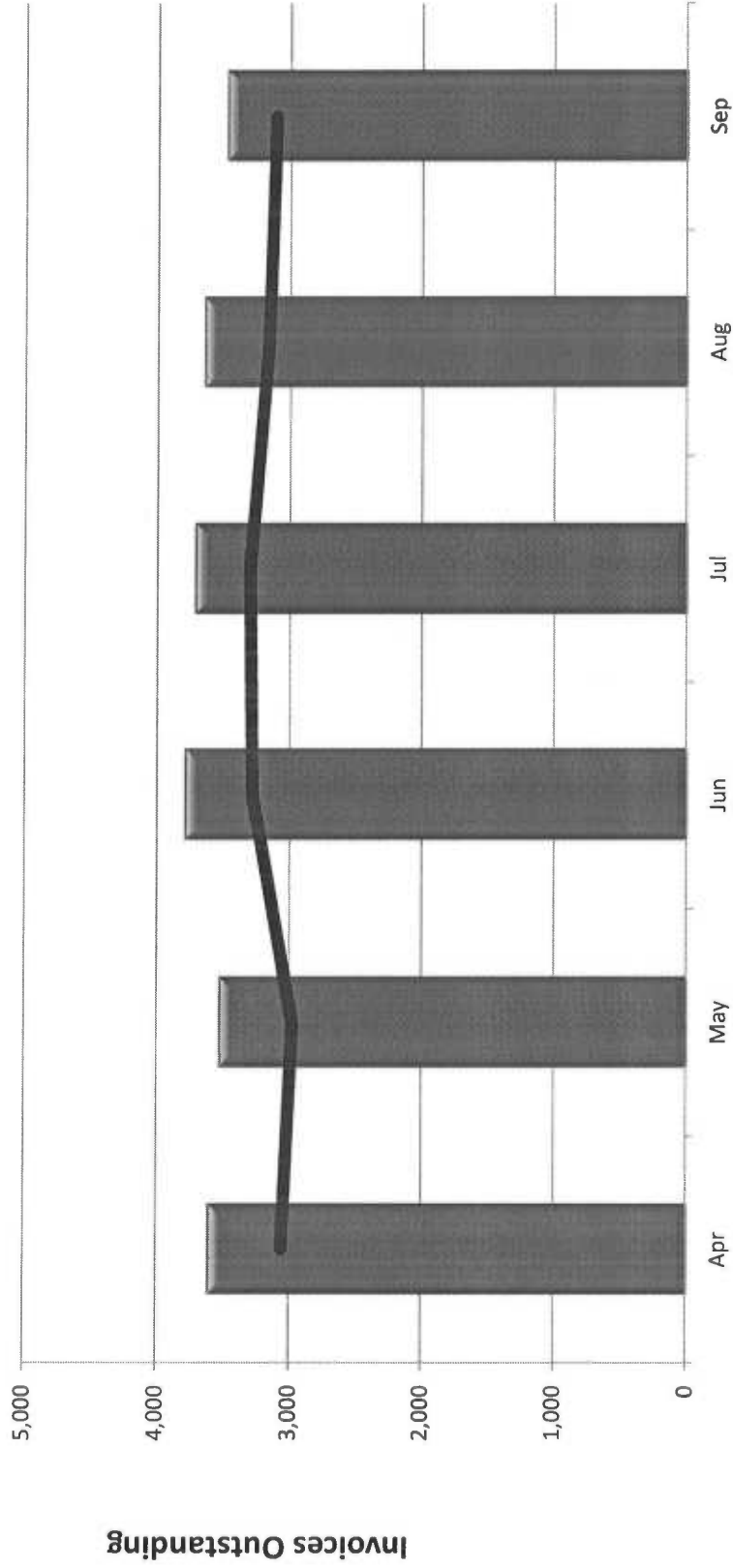
Service	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 1 April – 30 Sept
Council Tax	115	86	109	104	125	118	277 (210 unfounded)	136 (104 unfounded)
NNDR	3	4	2	0	2	1	7 (7 unfounded)	4 (4 unfounded)
Pensions	14	24	7	9 (5 unfounded)	7 (4 unfounded)	7 (2 unfounded)	3 (2 unfounded)	2 (1 unfounded)
Payroll	37	10	5	10 (6 unfounded)	9 (3 unfounded)	4	9 (2 unfounded)	1
Sundry Debtors / Income	Income-0	Income-5	Income - 1	Income - 1	Income - 2	2	4	9 (1 unfounded)
Cashiers	0	0	0	0	0	0	0	0
Accounts Payable	N/A	N/A	N/A	N/A	N/A	N/A	0	3 (1 unfounded)

Total of Outstanding debt - monthly comparison 2012/13 to 2013/14



Total outstanding debt as at 30 September 2013 £ 7.13m

Monthly Comparison of no. of Invoices Outstanding



Total number of invoices outstanding as at 30 September 2013 was 3,486

■ 2013/14 — 2012/13

Age Profile of outstanding Utility Debts as at 30 September 2013

Utility	Pre 2011	2011/2012	2012/2013	2013/2014	TOTAL BALANCE
Virgin Media	£9k	Nil	£1k	£85k	£95k
British Telecom	Nil	£6k	£80k	£75k	£161k
EDF Energy	<£1k	£1k	£1k	£1k	£2k
UK Power Networks	Nil	£2k	£6k	£34k	£42k
Southern Gas Networks	Nil	Nil	<£1k	£21k	£22k
Thames Water	£5k	£3k Cr	£33k	£267k	£302k
Total	£14K	£6k	£121k	£483k	£624k

Overall Recovery Position of outstanding Utility Debts as at 30 September 2013

Utility	Total under 30 days old	Total over 30 days old	Total outstanding	Value of invoices in dispute	Marked for write-off
Virgin Media	£55k	£40k	£95k	£11k	Nil
British Telecom	£30k	£131k	£161k	£31k	Nil
EDF	Nil	£3k	£3k	Nil	Nil
UK Power Networks Ltd	£18k	£24k	£42k	£1k	<£1k
Southern Gas	£21k	<£1k	£22k	<£1k	Nil
Thames Water	£180k	£122k	£302k	£60k	£4k
Total	£305k	£320k	£625k	£123k	£4k

Collection and Recovery

In order to reduce the number of disputed invoices the LB Bromley pre-agrees the annual inspection charges and all other charges with the exception of Defects.

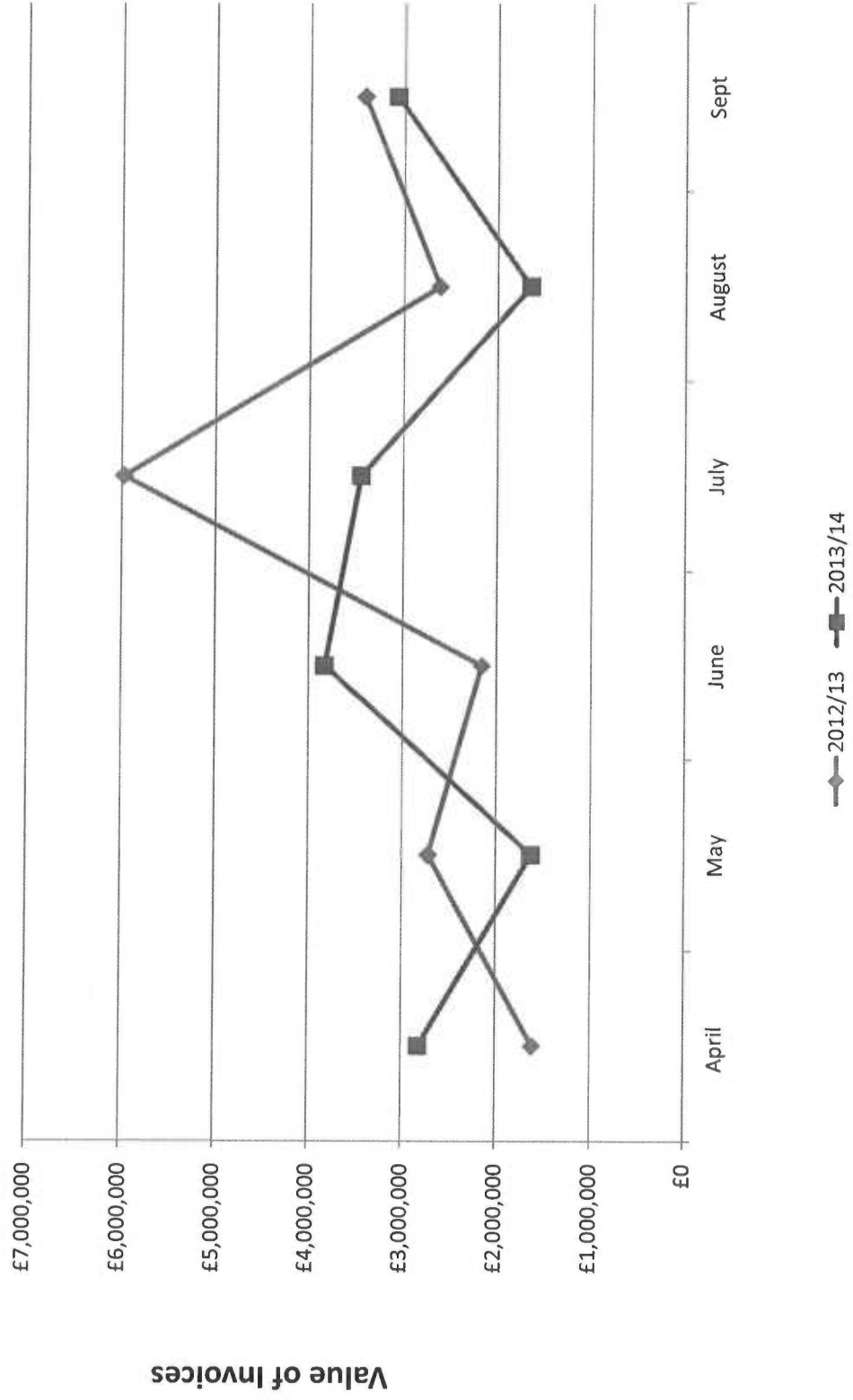
LB Bromley is meeting Thames Water to discuss the disputed Defect invoices.

A County court claim is an available recovery option but there are two issues which impact on success in respect of debts raised by the New Roads and Street Works department:

A claim should only be issued once all disputes are resolved. Under the HAUC (Highways and Utilities Committee) code of practice there are no time restraints on the submission or acceptance of disputes. Therefore, late disputes are accepted by LB Bromley.

If a case is defended the judge can refer the local authority to arbitration and the HAUC code of practice.

Monthly Comparison of the Value of Invoices Raised against 2012/13



Monthly Comparison of No. of Invoices Raised against 2012/13

