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Our Ref: CB/AIF

Dear John

As we approach the February 2015 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 9 months 1<sup>st</sup> April 2014 to 31<sup>st</sup> December 2014.

#### **Council Tax**

The in-year collection for the 9 months to 31<sup>st</sup> December 2014 was 85.57%, a positive variance of 0.03% on the previous year. Our arrears collection was 85.61% which was also 0.03% ahead of our previous year's total. This year on year improvement has been achieved in an environment of higher collectable debt, reduced Council Tax Support and increased usage of 12 monthly instalments, each of which is explained below.

There has been an increase in the collectable debt compared to the previous year, with working-age council tax support claimants being required to contribute a minimum of 19% of the households' council tax liability (previously 8.5%). In spite of this, the in-year collection rate for Council Tax Support remained high at 69.68% as at 31<sup>st</sup> December 2014.

It should be remembered that legislation changed from April 2013 to allow residents to pay over 12 months whereas previously it was 10. There are now 11,998 (£8.8m) accounts taking advantage of the extended payment option, an increased take up of 3% from the previous year. This increase means more collectable debts are expected to be paid in the last 2 months of the financial year than previously in 2013/14.

Despite the increase in CTS and a shift in the debt profile to February and March 2015, the recovery performance on both in-year are ahead on the previous year.

We are continuing with our collection and recovery initiatives which include reviewing the top 100 debtors, proactively chasing older debts, issuing 'pay up' letters on account balances which are below the summons threshold, reviewing cases with an attachment pending for both benefit and earnings, progressing cases held at Liability Order stage and monitoring cases sent to the enforcement agents. In addition we have introduced SMS texting as an additional reminder to prompt tax payers to pay before the issuing of the final reminder when they lose the right to pay by instalments. The number of tax payers using direct debit has also increased from 64.04% in December 2013 to 65.92% in December 2014.

Following a suggestion made during the July 2014 Executive & Resources PDS, a meeting was held with the Revenues team from the London Borough of Sutton to review and discuss how each team organised their collection and recovery processes for Council Tax and Business Rates. Both teams found the meeting useful and as a result we are currently working on improving the clarity of the information shown on the back of the annual Council Tax bills with a greater emphasis being given to the methods of payment.

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

### **Business Rates**

Many London Authorities are experiencing a drop in collection of Business Rates in 2014/15. This has been attributed to the new legislation from April 2014 allowing ratepayers to pay over 12 months rather than the previous 10. As a result more collectable debts are expected to be paid in the last 2 months of the financial year than previously in 2013/14. In Bromley's case this equates to approximately £4million of extra debt to be collected in the last two months of the year, when compared to 2013/14. A recent performance submission from the London Revenues Group shows that of all Councils who supplied data for Business Rates Collection, all but one were showing a significant decrease compared with this period last year, due to the impact of 12 month instalments. The average impact per Council (for those that submitted data in November 2014) was 2.39% and Bromley's impact was 2.95%. It should be noted that a number of Authorities that have not submitted in November 2014, may have done so because they have seen an even greater impact, which if included would have increased the overall average impact across London.

The in-year collection rate as at 31<sup>st</sup> December 2014 was 83.86% compared to the target (revised for 12 monthly instalments) of 84.48%. The in-year and arrears collection was 83.18%, after taking into account of payments expected within February and March 2015, we are down by 1.79% against the adjusted target. However, this gap has already closed significantly in the first half of January 2015.

The team have continued with its targeted collection activities, focusing on checking the Top 1,000 debtors for any defaulters, progressing with static debts at Liability Order stage, monitoring of enforcement agents cases and following up on failed payment arrangements. In addition to this the team have actively promoted Retail Relief, which offers rate payers up to £1,000 (funded by Central Government), off their business rates. In order to promote this scheme the team organised a letter canvass to all potential eligible buses encouraging them to apply for the relief. The scheme has been very successful, with over £900,000 awarded so far in 2014/15.

It is anticipated that the collection gap will close in February and March 2015 and will finish on par with, or slightly greater than, last year's performance, for both In-Year and All Years collection. In order to ensure this is achieved the team will be monitoring closely all accounts who have moved onto 12 months to ensure they make the full payment in the final two months of the year. To provide some confidence in the receipt of these payments the team have analysed the payment history of everyone due to pay an instalment in February and March 2015. This has shown that only 15% of the rate payers in this cohort have defaulted on a payment in the past.

### **Orpington Business Improvement District (BIDs)**

Our collection target for the year is 95%. Our collection rate as at 31<sup>st</sup> December 2014 was 86.46%. This has been achieved through the use of reminders and manual intervention. The BID Board has decided that they would now consider issuing summonses this year in order to assist collection. As a result the first 89 summons have been issued for non-payment and these will be heard at the Magistrates Court on 30<sup>th</sup> January 2015. The team have continued focusing on the in-year debtors for default payments and are also reviewing the 2013/14 outstanding debts.

## Cashiers

During the 9 months to 31<sup>st</sup> December 2014, £21.67m was collected which covered 47,889 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

During the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> December 2014 the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%; the Pension Team achieved an average of 97.3% service level compliance.

On 1<sup>st</sup> April 2014 Payroll and Pensions successfully implemented the changes to the Local Government Pension Scheme which moved from a defined benefit scheme to a career average scheme. This has necessitated some manual workarounds with additional monitoring and checking being required to ensure that the system is correctly calculating deductions of pay.

Work has started in preparation for changes to both the Teachers' Pension Scheme and the NHS Pension Scheme in April 2015.

Following the introduction in May 2013 of HMRC Real Time Information (RTI) there was a change to the statutory requirements for payroll year-end submissions to HMRC. During the period under review, all year-end reports have been provided and all statutory returns made within the due dates. These have included P60s, P11ds, the annual report of NHS pensions contributions, the Teachers Pensions End of Year Certificate and the Annual Teachers Pensions Return.

## Liberata's commitment to Innovation within Bromley

During October 2014 Liberata completed and submitted an application on behalf of both the London Borough of Bromley and Pendle Borough Council for the 2015-16 Transformation Challenge Award. This application detailed our proposed Community Debt Management solution. This solution will provide each authority with a single view of their customers' debt, regardless of how the debt has been incurred. This will improve debt recovery through the adoption of a holistic approach which will have a regard to the individuals total debt position with the Council. This will also cause less stress to the individual and their families through the availability of better quality information, advice and guidance on debt management. We are pleased to confirm that the application was successful and as a result £344,000 has been made available from the Department for Communities and Local Government to the two councils to fund the project. Once the solution has been fully implemented we believe that over a 10 year period it will deliver increased debt collection of £1.86m, cost reductions of £1.07m and a reduction in the number of cases receiving court summons and being referred to enforcement agents of 6,500. Liberata have already commenced proof of concept work, at our own cost, on the proposal.

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

Yours sincerely



Charlie Bruin  
Executive Director, BPO Services

The key elements of the Revenues Service includes (2014/15 figures):

- £ 171 million – Annual amount of Council Tax raised
- £ 90 million – Annual amount of Business Rates raised
- £ 14.9 million – Annual payment of Council Tax Support
- £ 127.5 million - Annual payment of Housing Benefit
- £ 75.1 million – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the period April to December 2014
- £ 19.0 million – Payment of pensions for the period April to December 2014
- £ 21.67 million Year to date revenue on 47,889 transactions, this includes Kiosk (2,700 Loomis cash collections during the period April 2014 to December 2014)

### Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 03/04	Actual 04/05	Actual 05/06	Actual 06/07	Actual 07/08	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	1/4/14 to 31/12/14
BV9:CTAX Collected	96.8%	97.1%	97.0%	97.0%	97.1%	97.03%	97.28%	97.59%	97.65%	97.76%	97.50%	85.57%

### Actual 31<sup>st</sup> December 2014 – 85.57%

The amount of collectable debt raised for the year 2014/15 is £171m (net of Benefits) in respect of 137,323 properties. 4,390 cheque refunds and 1,955 BACs refunds totalling £2,151,882.80 have been issued during April 2014 to December 2014.

Appendix 2

The following Council Tax recovery notices were issued:

	2006/7	2007/8	2008/09	2009/10	2010/11	31/03/12	31/03/13	31/03/14	31/12/14
Reminders	53,371	41,710	39,382	34,892	34,971	51,920	45,816	56,256	47,052
Summonses	13,757	14,244	13,432	17,061	19,774	16,436	16,168	19,267	8,638
Liability Orders	10,135	6,270	7,079	10,713	12,956	9,396	10,868	9,999	6,901
14 day letters – Bailiff warning	11,332	11,276	10,761	13,127	11,823	11,757	12,518	15,816	8,761
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	All at 14 day stage

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

The 2013/14 debt carried forward at the 1<sup>st</sup> April 2014 was £4,754,086.76

<b>Council Tax – Summoned Debt</b>	
Summonses/costs	543,015.45
Arrangement	321195.95
14 day/ Bailiff	1,945,647.14
Attachments / pending	128,817.65
Bankruptcy/ charging orders / committal / Tenons	233,264.29
Liability	514,424.29
<b>Un-summoused Debt</b>	
Final (un-sum)	320,412.69
Un-summoused	739,854.03
On hold	7,455.27
<b>Total</b>	<b>4,754,086.76</b>

The breakdown analysis of the total 2013/14 debt outstanding at the 1<sup>st</sup> April 2014 of £4,754,086.76 is shown above.

The balance of 2013/14 as at the 31<sup>st</sup> December 2014 is £2,940,486.00, a reduction of £1,813,600.00

Council Tax Arrears Breakdown as at 31<sup>st</sup> December 2014

	Arrears B/F 31.03.2014	Arrears carried forward	Net reduction	Actual % collection
1993	729.58	362.18	367.40	
1994	1,997.87	735.67	1,262.20	
1995	2,835.72	1,513.13	1,322.59	
1996	4,638.01	2,280.98	2,357.03	
1997	10,892.81	6,213.19	4,679.62	
1998	19,760.45	13,753.14	6,007.31	
1999	29,469.52	20,584.24	8,885.28	
2000	65,601.30	39,592.25	26,009.05	
2001	115,739.10	70,963.03	44,776.07	
2002	155,921.64	109,370.85	46,550.79	
	<b>407,586.00</b>	<b>265,368.66</b>	<b>142,217.34</b>	<b>34.89</b>
2003	214,194.97	163,270.12	50,924.85	23.77
2004	269,162.79	209,624.42	59,538.37	22.12
2005	371,176.91	297,918.62	73,258.29	19.74
2006	490,532.65	404,340.00	86,192.65	17.57
2007	654,320.19	538,347.08	115,973.11	17.72
2008	849,658.53	690,968.67	158,689.86	18.68
2009	970,800.67	783,517.60	187,283.07	19.29
2010	1,131,926.94	964,772.51	167,154.43	14.77
2011	1,551,849.96	1,293,227.32	258,622.64	16.67
2012	2,244,050.18	1,789,602.06	454,448.12	20.25
2013	4,754,086.76	2,940,486.02	1,813,600.74	38.15
	<b>13,501,760.55</b>	<b>10,076,074.42</b>	<b>3,425,686.13</b>	

**Business Rates Data:**

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 03/04	Actual 04/05	Actual 05/06	Actual 06/07	Actual 07/08	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	1/4/14 to 31/12/14
BV10: Rates Collected	98.5%	98.7%	99.6%	99.5%	99.8%	99.1%	99.02%	98.9%	98.81%	98.72%	98.70%	<b>83.86%</b>

**Actual 31<sup>st</sup> December 2014 – 83.86%**

The amount of collectable debt raised for the year 2014/15 is **£90 million** in respect of **7,356** properties.

There have been 839 refunds actioned from the 1<sup>st</sup> April 2014 to the 31<sup>st</sup> December 2014 amounting to **£3,313,595.44** in respect of vacation and rateable value reductions.

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	1/4/14 to 31/12/14
Reminders Issued	4,352	3,486	4,972	4,559	3,609	3,977	3404	2,536	4,023	3,545	<b>4,026</b>
Final Notices Issued	359	239	585	1,698	1,529	1,892	1,824	1,741	2,014	2,472	<b>2,119</b>
Summonses Issued	1,024	1,137	980	894	704	903	725	1,156	987	1,091	<b>844</b>
Liability Orders	706	775	675	602	426	666	672	749	683	771	<b>573</b>
7 day letters issued	423	1,021	1,421	605	299	674	367	471	501	No longer used	No longer used
Accounts passed to Bailiff	200	322	542	331	130	316	430	537	645	650	<b>364</b>

The **2013/14** debt carried forward at 1<sup>st</sup> April 2014 was **£1,028,998.56**



<b>NNDR – Summoned Debt</b>	
Summons	38,652.08
Arrangement	35,393.76
7 day	283.35
Bailiff	158,813.92
Recovery	302,689.14
Liability	339,465.45
<b>Un-Summoned</b>	
Reminders	26,780.49
Finals	104,812.03
<b>Non Recovery</b>	
Billing	22,108.34
<b>Total</b>	<b>1,028,998.56</b>

Movement in arrears for reporting period –

Arrears total 1990 - 2013/14 as at 01/04/14 £ 1,768,682.48

Arrears total 1990 - 2013/14 as at 31/12/14 £ 832,251.03

**Reduction Overall arrears £ 936,431.45**

Business Rates Arrears breakdown as at 31<sup>st</sup> December 2014

	Arrears B/F 31.03.2013	Arrears carried forward	Net reduction	Actual % collection
2003	-	-	0.00	0.00%
2004	-	-	0.00	0.00%
2005	-	-	0.00	0.00%
2006	102.75	-	102.75	100.00%
2007	222.00	-	222.00	100.00%
2008	6,944.44	6,405.00	539.44	7.77%
2009	25,727.27	25,397.67	329.60	1.28%
2010	31,942.01	37,554.45	-5,612.44	-17.57%
2011	109,012.14	73,357.80	35,654.34	32.71%
2012	557,267.27	283,041.12	274,226.15	49.21%
2013	1,198,776.46	406,494.98	792,281.48	66.09%
	<b>1,929,994.34</b>	<b>832,251.02</b>	<b>1,097,743.32</b>	

\*\* 2010 – backdated liability, new company billed - so increased debt collectable for this year

## Cashiers Data

The cashiering service dealt with the following transactions in the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> December 2014

Civic Centre Total	Transactions including Kiosk
<b>£21,696,179.65</b>	<b>47,889</b>

## Payroll Data:

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

	Monthly	Annually
Employees	<b>5,102</b>	<b>61,228</b>
Pensions	<b>4,900</b>	<b>58,800</b>

