

John Nightingale
Head of Revenues and Benefits
London Borough of Bromley
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Our Ref: AIF/RJ

Dear John

As we approach the July 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 12 months from 1st April 2014 to 31st March 2015.

Council Tax

This year we continued to review our processes and procedure to improve our service to Bromley residents and to ensure our recovery potential is maximised. The in-year collection for the year to 31st March 2015 was 97.70% which showed a favourable variance of 0.20% compared to the previous year. Similarly our collection rate for all years was 97.57% which also showed a favourable variance, this time of 0.07% when compared to the previous year. 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. Based on the Local Revenues Group performance table our in year collection rate placed us 7th out of the 33 London authorities. Of the 6 authorities who were above Bromley, 2 of them actually saw a reduction in their collection rate compared to 2013/14, and 5 of them have Council Tax Support scheme based on a minimum liability of 8.5% or less, which is considerably lower than Bromley's figure of 19%.

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%). The collection figure for Council Tax Support for the year to 31st March 2015 was 87.80% compared to 87.05% for the previous year.

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 now recovered in the last 2 months in February and March

than in previous years. This reduces the opportunity to collect the debt in year if the account is in arrears.

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 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. This, together with a continuation of our normal recovery work, has resulted in 54,745 reminders being issued and 25,409 finals. As a result of the successful chasing of this debt there has been a reduction in the number of court summons (32%) and liability orders (14%) issued compared to last year. The number of tax payers using direct debit has also increased from 63.99% in January 2014 to 65.83% in January 2015.

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 amended the details shown on the back of the annual Council Tax bills with the aim of improving the clarity of the information shown 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

During the year to 31st March 2015 most Local Authorities in London experienced a change in the collection profile of their Business Rates. The main reason for this has been the change in legislation which means that with effect from 1st April 2014, ratepayers have been able to pay their rates over 12 months rather the 10 months as in previous years. Consequently, Local Authorities now receive a greater portion of their Business Rates in the last two months of the year than had happened previously.

The in year collection rate for Business Rates was 98.80% which showed a positive variance of 0.10% when compared to the previous year. The current and arrears collection rate for the year was 97.11% which showed an adverse variance of 0.87% compared to the previous year. As with in year collection, debt chasing played a very important part, ensuring we were maximising the recovery of outstanding revenue. Towards the end of the year we brought on board a third Enforcement Agent to ensure any debt which was passed back from previous agents could be re-processed to maximise recovery and ensure we were only submitting debt for write-off after we had tried everything possible to collect. Going forwards the third Enforcement Agent will be used for the full financial year. We will also be using Baker Tilly to help trace debtors and health check companies and sole traders to clarify their financial position.

The team have continued with its targeted collection activities, focusing on checking the Top 100 live and closed debts each month. This is part of the standard recovery work 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. This came into effect from 1st April 2014 and became available for certain categories of shops, restaurants, cafes and drinking establishments which had a rateable value of £50,000 or less. The relief entitled them to a reduction in their rates of up to £1,000. Those establishments that we identified as potentially meeting the criteria for this relief were issued with an application form together with information on the application process. The scheme has been very successful, with over £925,000 being awarded during the year. The Retail Relief scheme has been extended into 2015/16 and the discount has been increased from £1,000 to £1,500. This will automatically roll over to businesses that had previously applied and qualified for Retail Relief in 2014/15. The scheme remains open to any other businesses which apply and qualify during 2015/16.

Orpington Business Improvement District (BIDs)

Our collection rate for the year was 96.78% which was 1.78% above our agreed target. This has been achieved through the use of reminders and manual intervention. The BID Board also agreed to allow us to issue court summonses during the year in order to assist collection. As a result 61 summonses were issued with 30 liability orders being granted. The team have continued focusing on the in-year debtors for default payments and are also reviewing the 2013/14 outstanding debts.

Cashiers

For the year to 31st March 2015, £28.34m was collected which covered 60,943 transactions, this includes amounts taken via the Kiosk, post, central income and all parking revenue.

During the year payment kiosks were installed at the new Penge library. In January 2015 we wrote to all residents who live in the Penge area, and had previously used the kiosk in the Civic Centre, to advise them of the new facility. At the same time we reiterated the benefits of paying by Direct Debit.

Pensions and Payroll

During the year 1st April 2014 to 31st March 2015 the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%; the Pension Team achieved an average of 96.7% service level compliance.

On 1st 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.

During the year some 15 schools converted to Academy status and both Payroll and Pensions worked hard to ensure a smooth transfer.

Liberata's commitment to Innovation within Bromley

During the year 1st April 2014 to 31st March 2015 we introduced a number of process improvements and innovations to our service lines, a summary of which is shown below:

- The introduction of SMS messaging to send reminders to Council Tax payers who have missed a payment.
- The introduction of 0300 telephone numbers to replace the 0845 ones as a way of reducing the call costs for local residents who contact us.
- Introduced an online data capture form for the annual Single Persons Discount review which speeded up the process.
- Introduced twice weekly processing for refund requests which replaced the weekly processing and has reduced the number of queries and complaints received concerning refunds.
- Used annual billing as a way of promoting and informing the local residents on the benefits of signing up for 'My Bromley'. This will help the council in their channel shift strategy for increased electronic interaction with local residents rather than via post, telephone or face to face.
- 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.
- Temporary extension to opening hours for the Contact Centre during annual billing to deal with the increased volume of queries.
- Submitted a successful joint application for £344,000 of funding from the Department for Communities and Local Government to develop and implement a Community Debt solution for both Bromley and Pendle Councils.
- Instigated a marketing campaign for the residents in Penge to advise them of the availability of the kiosk in their new library whilst also advising of the benefits of paying their Council Tax by direct debit.

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 (2014/15 figures):

- £ 171 million – Annual amount of Council Tax raised
- £ 90 million – Annual amount of Business Rates raised
- £ 14.8 million – Annual payment of Council Tax Support
- £ 127.5 million - Annual payment of Housing Benefit
- £ 98.2 million – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the period April to March 2015
- £ 25.4 million – Payment of pensions for the period April to March 2015
- £ 28.34 million Year to date revenue on 60,943 transactions, this includes Kiosk (3,600 Loomis cash collections during the period April 2014 to March 2015)

Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 03/04	96.8%	Actual 04/05	97.1%	Actual 05/06	97.0%	Actual 06/07	97.0%	Actual 07/08	97.1%	Actual 08/09	97.03%	Actual 09/10	97.28%	Actual 10/11	97.59%	Actual 11/12	97.65%	Actual 12/13	97.76%	Actual 13/14	97.50%	Actual 14/15	97.70%
BV9:CTAX Collected																								

Actual 31st March 2015 – 97.70%

The amount of collectable debt raised for the year 2014/15 was £171m (net of Benefits) in respect of 137,323 properties.

3,412 cheque refunds and 5,290 BACs refunds totalling £2,955,928.88 have been issued from 1st April 2014 to 31st March 2015.

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	31/03/15
Reminders	53,371	41,710	39,382	34,892	34,971	51,920	45,816	56,256	54,745
Summonses	13,757	14,244	13,432	17,061	19,774	16,436	16,168	19,267	13,158
Liability Orders	10,135	6,270	7,079	10,713	12,956	9,396	10,868	9,999	8,645
14 day letters – Enforcement Agent warning	11,332	11,276	10,761	13,127	11,823	11,757	12,518	15,816	10,103
Accounts passed to Enforcement Agent	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 1st April 2014 was £4,754,086.76

Council Tax – Summoned Debt	
Summonses/costs	543,015.45
Arrangement	321,195.95
14 day/ Enforcement Agent	1,945,647.14
Attachments / pending	128,817.65
Bankruptcy/ charging orders / committal / Tenons	233,264.29
Liability	514,424.29
Un-summoned Debt	
Final (un-sum)	320,412.69
Un-summoned	739,854.03
On hold	7,455.27
Total	4,754,086.76

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

The balance of the total 2013/14 debt outstanding as at the 31st March 2015 is £2,629,316.57 a reduction of £2,124,770.19

Council Tax Arrears Breakdown as at 31st March 2015

	Arrears B/F 31.03.2014	Arrears carried forward	Net reduction	Actual % collection
1993	729.58	306.42	423.16	
1994	1,997.87	447.58	1,550.29	
1995	2,835.72	1,439.33	1,396.39	
1996	4,638.01	2,731.69	1,906.32	
1997	10,892.81	4,826.14	6,066.67	
1998	19,760.45	12,517.66	7,242.79	
1999	29,469.52	19,381.27	10,088.25	
2000	65,601.30	37,607.52	27,993.78	
2001	115,739.10	66,185.00	49,554.10	
2002	155,921.64	103,114.09	52,807.55	
	407,586.00	248,556.70	159,029.30	39.02
2003	214,194.97	149,883.88	64,311.09	30.02
2004	269,162.79	195,376.86	73,785.93	27.41
2005	371,176.91	275,054.61	96,122.30	25.90
2006	490,532.65	379,161.83	111,370.82	22.70
2007	654,320.19	497,129.26	157,190.93	24.02
2008	849,658.53	641,395.43	208,263.10	24.51
2009	970,800.67	731,351.24	239,449.43	24.67
2010	1,131,926.94	899,052.82	232,874.12	20.57
2011	1,551,849.96	1,213,240.52	338,609.44	21.82
2012	2,244,050.18	1,652,849.39	591,200.79	26.35
2013	4,754,086.76	2,629,316.57	2,124,770.19	44.69
	13,501,760.55	9,263,812.41	4,237,948.14	

Business Rates Data:

In year collection performance by Liberata is shown below:

Best Value Pj'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	Actual 14/15
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%	98.80%

Actual 31st March 2015 – 98.80%

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

There have been **1,093** refunds actioned from the 1st April 2014 to the 31st March 2015 amounting to **£4,033,118.23** 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	2014/15
Reminders Issued	4,352	3,486	4,972	4,559	3,609	3,977	3,404	2,536	4,023	3,545	4,445
Final Notices Issued	359	239	585	1,698	1,529	1,892	1,824	1,741	2,014	2,472	2,353
Summonses Issued	1,024	1,137	980	894	704	903	725	1,156	987	1,091	1,053
Liability Orders	706	775	675	602	426	666	672	749	683	771	734
7 day letters issued	423	1,021	1,421	605	299	674	367	471	501	No longer used	No longer used
Accounts passed to Enforcement Agent	200	322	542	331	130	316	430	537	645	650	444

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

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

Movement in arrears for reporting period –

Arrears total 1990 - 2013/14 as at 01/04/14 £ 1,768,682.42

Arrears total 1990 - 2013/14 as at 31/03/15 £ 639,136.12

Reduction Overall arrears £ 1,129,546.30

Business Rates Arrears breakdown as at 31st March 2015

	Arrears B/F 31.03.2014	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	6,250.00	694.44	10.00%
2009	25,847.27	21,980.08	3,867.19	14.96%
2010	31,982.01	19,827.11	12,154.90	38.01%
2011	112,319.02	48,257.88	64,061.14	57.03%
2012	562,266.37	217,045.18	345,221.19	61.40%
2013	1,028,998.56	325,775.87	703,222.69	68.34%
	1,768,682.42	639,136.12	1,129,546.30	

Cashiers Data

The cashiering service dealt with the following transactions in the period 1st April 2014 to 31st March 2015

Civic Centre Total	Transactions including Kiosk
£28,344,411.53	60,943

Payroll Data:

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

	Monthly	Annually
Non Teaching/Teaching	4,958	59,507
Pensions	4,908	58,893

