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Head of Revenues and Benefits  
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Our Ref: AIF/RJ

Dear John,

As we approach the November 2018 Executive Resources & Contracts 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 6 months from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018.

### **Council Tax**

The in-year collection for the period was 58.07% and equates to £115.04m collected. This was an increase of 0.02% compared to the previous year. However, as the total amount of debt to be collected has increased this year by £9.01m, this means that the cash collected for the year to date has increased by £5.28m compared to September 2017.

The all-years collection figure was 58.10% and represented cash of £116.77m. This was down against the previous year by 0.05%. There remains an issue on collecting out of year debt where the individual amounts are too low to warrant the costs of further recovery action even though the aggregate value of debts of this type is material. In addition we have a large number of cases where, despite having obtained a Liability Order, we are unable to take further recovery action due to the account holder lacking any realisable assets. In other cases further recovery action may have to be suspended if the value of the debt is below the threshold needed to apply for Bankruptcy or a Charging Order.

Where debts have been secured by a Charging Order being placed against a debtors' property, the funds can only be realised when the debtor decides to sell their property which could be many years in the future.

In response to this problem we have continued with our static debt pilot project. Over the summer we targeted ten property owners who had historic debts totalling over £48k and issued bespoke pay-up letters encouraging them to attend an interview to discuss their debt position. Of these, five responded with three agreeing to repayment plans, while two confirmed that the debts were actually owed by their tenants and provided relevant documentation to prove this.

We have continued with our normal collection and recovery initiatives, this includes reviewing the top 100 debtors, proactively chasing older debts, issuing standard 'pay up' letters on account balances which are below the summons threshold, reviewing cases with an attachment pending for both benefits and earnings, progressing cases held at Liability Order stage and monitoring cases sent to the enforcement agents. We are also continuing to use SMS texting as an additional reminder to prompt tax payers to pay before the issuing of the final reminder, after which they lose the right to pay by instalments. During the 6 month period we issued 41,609 reminders (2017 – 52,038) and 5,566 summonses (2017 - 6,816).

We are also continuing to run our drop-in summons surgeries each month. These provide taxpayers with a valuable opportunity to meet with our staff in order to discuss any Council Tax issues and make arrangements to pay their outstanding balance.

The annual Empty Homes Review exercise was completed in September. This is where we validate the status of all residential properties listed as 'long term empty' (i.e. those that have been empty for at least 6 months) on the council tax database. We utilise a combination of postal enquires, outbound telephone calls and visits undertaken by our Corporate Visiting Team in order to confirm the status of these properties. Central Government provide funding to local authorities in the form of a New Homes Bonus for new properties built during the year. However, this funding is reduced if there is any year on year increase in the total long term empty property figure. Extra funding is also paid for any year on year reduction in the number of long term empty properties. As a result of the teams work we were able to report a reduction of 93 long term empty properties compared to the previous year. This meant that the Council received their full bonus for new properties as well as the additional funding for the decrease in empty properties.

Although work on rolling out additional modules for the online Revenues and Benefits self-serve application has been placed on hold while the Academy system is migrated onto a new platform, the number of users signing up for the service has continued to increase. As at the end of September 2018 there were over 26,800 registered accounts generating an average of over 6,000 monthly page visits to the self-serve site. Residents are currently able to conduct the following online:

- View Council Tax annual bills, copy bills, payment details, discount and exemptions status
- View system generated correspondence
- Apply for discounts

- Set up direct debits
- Advise of a change in address
- Set up a payment arrangement
- View Benefit account information and system generated correspondence
- View NNDR annual bills, copy bills, payment details, discount and exemptions status

## Business Rates

The business rates in-year collection rate for the period to 30<sup>th</sup> September 2018 was 56.58% which is 0.57% less than the previous year; in monetary terms the difference is equivalent to £552,401. Despite having a lower collection rate the actual value of cash collected has increased by £928,212, however the Net Collectable Debt (NCD) is £4.5m greater and therefore the performance is tracking behind last years. The main factor for the change to the NCD is the value of relief awarded to 'transitional losers'; last year being the first of the 2017 Rating List meant that relief was at its peak but will decrease steadily over the next 4 years.

The work that has been undertaken in the early part of this year, contacting debtors and agreeing repayment terms, stands us in good stead for the next six months. There are currently 174 live arrangements, covering £1,029,896, which coupled with the remaining statutory instalments would see us achieve a collection rate comparable with last year.

Naturally there will be a proportion of accounts that fail to maintain their instalment plans, but in addition to the above, there is £391,000 of Revaluation Support Relief funding still to be awarded. This scheme was introduced by the Government last year to reduce the impact of the 2017 Revaluation and we will complete the project of distributing funds via auto awarding the relief by the end of December.

We know that fewer recovery notices have been issued this year (694 final notices compared to 1,985 for 2017) and the number of contacts with ratepayers has decreased, which demonstrates that more ratepayers are up to date with their payments. This trend is also evident in the value of cases that we are touching when conducting our arrears management.

In order to maximise our position and increase income, we have reviewed some of the procedures that affect collection and implemented a number of changes:

- Stricter rules around payment arrangements including the need for an upfront payment if the arrangement is to be accepted.
- A more efficient process for issuing accounts to Enforcement Agents.
- The capture of contact details from every exchange with ratepayers in order to assist any future debt chasing.

The all-years collection rate is 53.56% compared to 56.91% in 2017. The performance has been heavily affected by the value of refunds processed so far this year. Large valuation changes and Revaluation Support Relief, which in 2017/18 was £1.4m, meant that we started 2018/19 with £4.9m of credits relating to previous years, compared to £2.5m in 2017/18. We have so far repaid £3.7m of those previous years' credits which outweigh the £1,4m of cash collected; disregarding the refunds we have collected £61.9k more than last year.

### **Business Improvement Districts (BID)**

We are now managing the billing and recovery for a number of BID boards within the borough. These range in size both geographically and financially. For the Orpington BID we have collected 86.76% (£167.4k) which is an increase of 5.76% compared to the previous year. On the Bromley BID we have collected 90.15% (£555.8k) which is down by 6.19% on the previous year. For the Beckenham BID we have collected 76.88% (£187.3k) and for the Penge BID we have collected 76.51% (£142.7k). The comparatively low collection rates for these two are reflective of the fact that this is the first year that these BIDs have been in operation.

### **Cashiers**

We collected over £9.5m during the year which covered 17,524 transactions and included amounts taken via the Kiosk, post and central income.

### **Pensions and Payroll**

During the year the Payroll Team continued to provide a valued service with an average accuracy rate of 99.9%. The Pension Team achieved an average of 98.9% service level compliance over the same period.

During the period under review the team faced a number of challenges, one of which concerned HMRC's decommissioning of the Electronic Data Interchange (EDI), which is their method for electronic communication. All employers had to move to the Filing by Internet (FBI) method to transmit and receive data in XML format. The regulations around GDPR meant that Liberata had to consider a safer way to communicate with Schools. This led to the implementation of the Schools Portal, which is used to securely send and receive information.

Annual Benefit Statements were dispatched to Active and Deferred Members in-line with the regulatory deadline. The annual allowance letters were issued by the statutory deadline of 5 October 2018 to all employees that had breached the annual allowance threshold.

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

Yours sincerely

**Amanda Inwood-Field**  
**London Regional Contract Director**

The key elements of the Revenues Service includes (2018/19 figures):

- £ 210 million – Annual amount of Council Tax raised
- £ 99.1 million – Annual amount of Business Rates raised
- £ 12.3 million – Annual payment of Council Tax Support
- £ 121 million - Annual payment of Housing Benefit
- £ 30.2 million – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the year from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018
- £ 14.0 million – Payment of Pensions from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018
- £ 9.5 million – April to September 2018 revenue on 17,524 transactions, this includes Kiosk (567 Loomis cash collections during the period to 30<sup>th</sup> September 2018)

### Council Tax Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	Actual 01/04/18 to 30/09/18
BV9: CTAX Collected	97.03%	97.28%	97.59%	97.65%	97.76%	97.50%	97.70%	97.79%	97.93%	98.04%	58.07%

Appendix 2

**Actual 30<sup>th</sup> September 2018 – 58.07%**

The amount of collectable debt raised for the year 2018/19 was **£210m** in respect of **140,010** properties.

**1,069** Cheque refunds and **4,099 BACs** refunds totalling **£1,408,626.73** have been issued from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018.

The following Council Tax recovery notices were issued:

	31/3/09	31/3/10	31/3/11	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	31/3/18	01/04/18 to 30/09/18
Reminders	39,382	34,892	34,971	51,920	45,816	56,256	54,745	52,125	55,553	78,657	41,609
Summonses	13,432	17,061	19,774	16,436	16,168	19,267	13,158	9,543	14,052	10,755	5,566
Liability Orders	7,079	10,713	12,956	9,396	10,868	9,999	8,645	8,337	10,338	9,115	3,971
14 day letters – Enforcement Agent warning	10,761	13,127	11,823	11,757	12,518	15,816	10,103	12,214	8,247	8,647	5,543
Accounts passed to Enforcement Agent	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	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**.

There has been a marked increase in the number of reminders issued during the current period and the previous year. This was partly due to the first instalment date being pushed back to 18<sup>th</sup> April for the last two years. This resulted in a total of 16,490 reminders being issued in May 2018 and 28,499 in May 2017 compared to 8,443 for May 2016.

The 2017/18 debt carried forward at the 1<sup>st</sup> April 2018 was £4,169,104.84

Council Tax - Summoned Debt	
Summonses / costs	£718,688.15
Arrangement	£329,686.51
Bailiff /14 DAY	£1,824,045.10
Attachment	£68,689.34
Bankruptcy	£34,735.88
Liability	£444,378.07
<b>Un-summoned Debt</b>	
Finals	£248,081.90
Un-summoned	£500,799.89
<b>Total</b>	<b>£4,169,104.84</b>

The breakdown analysis of the total 2017/18 debt outstanding at the 1<sup>st</sup> April 2018 of £4,169,104.84 is shown above.

The balance of the total 2017/18 debt outstanding as at the 30<sup>th</sup> September 18 is £2,968,046.28 a reduction of £1,201,058.56



Council Tax Arrears Breakdown as at 30<sup>th</sup> September 2018

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1993	£209.79	£209.79	£0.00	
1994	£192.77	£192.77	£0.00	
1996	£562.30	£292.30	£270.00	
1997	£1,689.33	£538.49	£1,150.84	
1998	£4,473.36	£2,236.11	£2,237.25	
1999	£7,228.14	£4,997.96	£2,230.18	
2000	£13,981.46	£11,676.96	£2,304.50	
2001	£27,127.37	£20,548.70	£6,578.67	
2002	£41,625.82	£30,495.60	£11,130.22	
2003	£67,138.70	£49,072.03	£18,066.67	
2004	£89,491.70	£65,111.58	£24,380.12	
2005	£126,027.35	£100,465.03	£25,562.32	
2006	£159,730.56	£130,656.94	£29,073.62	
2007	£206,773.13	£165,032.80	£41,740.33	
2008	£259,618.52	£224,268.86	£35,349.66	
<b>TOTAL</b>	<b>£1,005,870.30</b>	<b>£805,795.92</b>	<b>£200,074.38</b>	<b>19.89%</b>
2009	£292,386.26	£252,877.65	£39,508.61	13.51%
2010	£367,445.44	£311,831.57	£55,613.87	15.14%
2011	£486,083.84	£416,110.81	£69,973.03	14.40%
2012	£628,238.98	£546,854.78	£81,384.20	12.95%
2013	£1,004,927.25	£875,231.11	£129,696.14	12.91%
2014	£1,294,473.54	£1,120,767.60	£173,705.94	13.42%
2015	£1,629,535.08	£1,386,390.07	£243,145.01	14.92%
2016	£2,357,447.81	£1,961,122.57	£396,325.24	16.81%
2017	£4,169,104.84	£2,968,046.28	£1,201,058.56	28.81%
<b>TOTAL</b>	<b>£13,235,513.34</b>	<b>£10,645,028.36</b>	<b>£2,590,484.98</b>	<b>19.57%</b>

## Business Rates Data:

In year collection performance by Liberata is shown below:

Best Value PI's	Actual 08/09	Actual 09/10	Actual 10/11	Actual 11/12	Actual 12/13	Actual 13/14	Actual 14/15	Actual 15/16	Actual 16/17	Actual 17/18	01/04/18 to 30/09/18
BV10:Rates Collected	99.1%	99.02%	98.9%	98.81%	98.72%	98.70%	98.80%	99.05%	98.87%	98.53%	56.58%

### Actual 30<sup>th</sup> September 2018 – 56.58%

The amount of collectable debt raised for the year 2018/19 is **£99.1 million**.

There have been **1,012** refunds actioned from the 1<sup>st</sup> April 2018 to the 30<sup>th</sup> September 2018 amounting to **£4,246,758.70** in respect of vacation and rateable value reductions.

The following recovery notices were issued -

	31/3/09	31/3/10	31/3/11	31/03/12	31/03/13	31/03/14	31/03/15	31/3/16	31/3/17	31/3/18	01/04/18 to 30/09/18
Reminders Issued	3,609	3,977	3,404	2,536	4,023	3,545	4,445	4,263	4,288	3,525	2,360
Final Notices Issued	1,529	1,892	1,824	1,741	2,014	2,472	2,353	1,560	1,960	1,985	694
Summonses Issued	704	903	725	1,156	987	1,091	1,053	535	1,123	768	380
Liability Orders	426	666	672	749	683	771	734	411	525	522	351
7 day letters issued	299	674	367	471	501	No longer used	No longer used	No longer used	No longer used	No longer used	No longer used
Accounts passed to Enforcement Agent	130	316	430	537	645	650	444	283	184	159	145

The 2017/18 debt carried forward at 1<sup>st</sup> April 2018 was **£1,351,159.12**

<b>NNDR recovery stage</b>	<b>Amount</b>
Un-summonsed	£290,158.47
Arrangement	£58,512.72
Enforcement Agent	£271,662.14
Final	£54,662.19
Liability	£367,102.74
Reminders	£60,703.81
Summonsed	£248,357.05
<b>total</b>	<b>£1,351,159.12</b>

Movement in arrears for reporting period –

Arrears total 1990 - 2017/18 as at 01/04/18      **£2,576,323.59**

Arrears total 1990 - 2017/18 as at 30/09/18      **£2,024,749.20**

**Reduction in Overall arrears                              £551,574.39**

Business Rates Arrears breakdown as at 30<sup>th</sup> September 2018

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1990	1,014.79	1,809.6	-794.81	0.00%
1991	1,297.66	2,007.2	-709.54	0.00%
2005	-	652.74	-652.74	0.00%
2008	3,658.03	3,658.03	-	0.00%
2009	18,695.36	18,695.36	-	0.00%
2010	13,858.69	14,971.97	-1,113.28	0.00%
2011	19,944.20	21,894.78	-1,950.58	0.00%
2012	79,777.97	69,365.43	10,412.54	13.05%
2013	80,594.04	74,831.10	5,762.94	7.15%
2014	171,887.70	160,286.67	11,601.03	6.75%
2015	290,863.46	272,324.07	18,539.39	6.37%
2016	543,572.57	431,743.11	111,829.46	20.57%
2017	1,351,159.12	952,509.14	398,649.98	29.50%
	<b>2,576,323.59</b>	<b>2,024,749.20</b>	<b>551,574.39</b>	<b>21.41%</b>

\*\* Backdated revaluations and the removal of discounts and exemptions can result in a backdated increase in arrears

**Cashiers Data**

The cashiering service dealt with the following transactions in the period 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018

Civic Centre Total	Transactions including Kiosk
<b>£9,514,650.57</b>	<b>17,524</b>

**Payroll Data:**

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

	Monthly	Annually
Non-Teaching/Teaching	<b>2,523</b>	<b>30,276</b>
Pensions	<b>5,048</b>	<b>60,576</b>

