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Our Ref: AIF/RJ

Dear John,

As we approach the September 2019 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 year ended 31st March 2019.

Council Tax

The in-year collection for the year to 31st March 2019 was 98.00% and equates to £194.3m of cash collected. This placed the Council in the top quartile for collections for London authorities. Although this was a reduction of 0.04% compared to the previous year, cash collected actually increased by £8.9m.

The all-years collection figure was 97.89% and represented cash of £196.8m. This was down against the previous year by 0.11%. The out of year debt figure contains a large number of 'Static Debt' accounts where we are unable to take further recovery action. These include cases 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. We also 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 or where 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 these problems we have continued utilising the methods that were originally used in our Static Debt Pilot Project. The aim being to stimulate engagement from these debtors, discuss their debts and then agree a realistic repayment plan with periodic review dates to ensure compliance. As a next step we will be looking to see how debtors with charges placed against their properties can be encouraged to clear their debts in a more timely manner in order to reduce this long term debt category.

During the year we continued with our normal collection and recovery initiatives, which 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 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 year we issued 63,387 reminders (2018 – 78,657) and 9,375 summonses (2018 – 10,755).

We continued 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. As a further improvement we extended this service from March 2019 to include an appointment based monthly surgery run in partnership with the Citizens Advice Bureau (CAB) at their offices. This allows us to work with a CAB representative when discussing a resident's debt to explain how it has arisen and stress the importance of paying it whilst also considering any possible discounts or exemptions they may be entitled to.

We completed the annual Empty Homes Review exercise 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. Funding is provided to councils from Central Government 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 our 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.

A major systems based project was completed during the year to migrate the Academy Revenues and Benefits application onto a new platform. As a result the roll out of additional self-serve modules for Academy had to be placed on hold. Despite this the number of residents signing up for self-service continued to increase, as a result there were over 40,000 registered accounts at the year end who generated an average of 7,200 monthly page visits during the final quarter.

As at the year end residents were able to conduct the following online activities:

- 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

Since the year end we have implemented the e-billing module which means that residents can now elect to receive their annual Council Tax bills electronically rather than in paper format. This functionality will also be rolled out to businesses for their Rates bills within the next few weeks.

Business Rates

The in-year collection rate for the year was 98.53% which equalled the previous year's figure. Whilst it was disappointing not to exceed last year's figure the actual cash collected was £3.45m more than in 2017/18. Performance levels are measured against other Local Authorities but it is each individual Council's decision how to calculate their collection rate. LBB do not include credit balances whereas other authorities do. As such it is prudent to consider the difference when reviewing comparisons in performance rankings. The LBB in-year collection rate, if credit balances were included, would be 99.18% and would have been an upper quartile performance for the whole country.

The nature of the businesses within Bromley presents specific problems for the collection of Business Rates. There is a significant concentration of retail based business within the borough which, even though many are relatively small in size, still make up 41% of the total rateable value. In comparison, for the other London Authorities where Liberata collect Business Rates, this figure constitutes on average only 21%. These businesses have been disproportionately adversely affected as consumers increasingly choose to shop online with the resulting decrease in sales revenue affecting their cash flow and their ability to pay their bills. These economic conditions have also prompted an increase in the number of evasion and avoidance schemes that we are witnessing. The ultimate impact of this has been an increasing difficulty in collecting payments for Business Rates as evidenced by this sector representing 49% of the total arrears.

In order to maximise our cash collections, we reviewed some of our procedures and implemented a number of changes during the year which included:

- 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.
- Where possible requesting full payment of Business Rates at creditor meetings.

The all-years collection rate was 94.00% which was a reduction of 5.52% compared to the previous year. The collection rate was adversely affected by the high value of refunds processed during the year. Valuation changes caused by rateable reductions in Bromley High Street and rateable reductions for doctors' surgeries, both of which were backdated to April 2015, generated high value account credits. Further credits were generated by the Revaluation Support Relief, which in 2017/18 was £1.4m. This meant that we started 2018/19 with £4.9m of credits relating to previous years, compared to £2.5m in 2017/18. The repayment of these credits served to reduce the net impact of the cash collected which in turn deflated our collection rate.

Business Improvement Districts (BID)

We have continued to manage 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 collected 97.87% (£187.8) which is an increase of 2.04% compared to the previous year. On the Bromley BID we have collected 96.59% (£591.8k) which is down by 2.53% (£19k) on the previous year and was due to several accounts being in dispute at the year end. For the Beckenham BID we have collected 86.47% (£210.6k) and for the Penge BID we collected 91.45% (£132.3k). 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. In addition a number of customers in Beckenham disputed their charges due to the major road works that took place in the area.

Cashiers

We collected over £15.8m during the year which covered 32,042 transactions and included amounts taken via the Kiosk, post and central income.

Pensions and Payroll

The Pension Team achieved an average of 98.54% service level compliance over the year.

As the three year re-enrolment exercise was scheduled to take place in May 2019, we ensured that we had the reports and letters ready to issue to the affected employees, as well as identifying all 50/50 contributors to ensure that they were moved back to the main section of the scheme in accordance with the Local Government Pension Scheme Regulations. Benefit Statements were dispatched to Active and Deferred Members in-line with the new regulatory deadline.

During the year the Payroll Team continued to provide a valued service with an average accuracy rate of 99.93% across the LBB Corporate, Schools and Pensions payrolls. The introduction of GDPR meant that payroll processes had to be reviewed to ensure compliance with the new rules. Liberata introduced a new Schools Portal in July 2018 to facilitate the secure exchange of information with schools.

Liberata and LBB agreed to migrate all School payrolls across to a new payroll system to reduce the number of licenses required by the Council as part of their contract with Zellis. Between April 2018 and March 2019 twenty Academy Schools were migrated with a further 17 planned for migration post year end.

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
- **£99.4 million** - Housing Benefit subsidy for 2018/19 (awaiting final audit)
- **£61.0 million** – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the year from 1st April 2018 to 31st March 2019
- **£28.3 million** – Payment of Pensions from 1st April 2018 to 31st March 2019
- **£15.8 million** – 1st April 2018 to 31st March 2019 revenue on 32,042 transactions, this includes Kiosk
- (1148 Loomis cash collections during the year to 31st March 2019)

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 18/19
BV9:CTAX Collected	97.03%	97.28%	97.59%	97.65%	97.76%	97.50%	97.70%	97.79%	97.93%	98.04%	98.00%

Appendix 2

Actual 31st March 2019 – 98%

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

549 Cheque refunds and **6,518 BACs** refunds totalling **£2,039,467.60** have been issued from 1st April 2018 to 31st March 2019.

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	31/03/16	31/03/17	31/03/18	31/03/19
Reminders	39,382	34,892	34,971	51,920	45,816	56,256	54,745	52,125	55,553	78,657	63,387
Summonses	13,432	17,061	19,774	16,436	16,168	19,267	13,158	9,543	14,052	10,755	9,375
Liability Orders	7,079	10,713	12,956	9,396	10,868	9,999	8,645	8,337	10,338	9,115	8,105
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	10,074
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**.

The 2017/18 debt carried forward at the 1st 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
Un-summoned Debt	
Finals	£248,081.90
Un-summoned	£500,799.89
Total	£4,169,104.84

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

The balance of the total 2017/18 debt outstanding as at the 31 March 19 is £2,346,481.44 reduction of £1,822,623.40

Council Tax Arrears Breakdown as at 31 March 2019

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1993 to 1997	£2,704.89	£0.00	£2,704.89	100.00%
1998	£4,473.36	£1,810.57	£2,662.79	59.50%
1999	£7,228.14	£3,282.87	£3,945.27	54.60%
2000	£13,981.46	£9,290.88	£4,690.58	33.50%
2001	£27,127.37	£16,823.35	£10,304.02	38.00%
2002	£41,625.82	£25,473.60	£16,152.22	38.80%
2003	£67,138.70	£40,921.19	£26,217.51	39.00%
2004	£89,491.70	£52,439.32	£37,052.38	41.40%
2005	£126,027.35	£82,479.43	£43,547.92	34.60%
2006	£159,730.56	£118,358.12	£41,372.44	25.90%
2007	£206,773.13	£143,387.58	£63,385.55	30.70%
2008	£259,618.52	£188,732.34	£70,886.18	27.30%
SUB TOTAL	£1,005,921.00	£682,999.25	£322,921.75	32.10%
2009	£292,386.26	£217,307.95	£75,078.31	25.70%
2010	£367,445.44	£261,999.10	£105,446.34	28.70%
2011	£486,489.50	£347,573.09	£138,916.41	28.60%
2012	£628,238.98	£445,144.54	£183,094.44	29.10%
2013	£1,004,927.25	£723,085.22	£281,842.03	28.00%
2014	£1,294,473.54	£921,202.23	£373,271.31	28.80%
2015	£1,629,535.08	£1,164,753.55	£464,781.53	28.50%
2016	£2,357,447.81	£1,608,892.38	£748,555.43	31.80%
2017	£4,169,104.84	£2,346,481.44	£1,822,623.40	43.70%
TOTAL	£13,235,969.70	£8,719,438.75	£4,516,530.95	34.10%

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	Actual 18/19
BV10: Rates Collected	99.1%	99.02%	98.9%	98.81%	98.72%	98.70%	98.80%	99.05%	98.87%	98.53%	98.53%

Actual 31 March 2019 - 93.53%

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

There have been 1,749 refunds actioned from the 1st April 2018 to the 31st March 2019 amounting to **£5,871,257.77** 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 31/03/19
Reminders Issued	3,609	3,977	3,404	2,536	4,023	3,545	4,445	4,263	4,288	3,525	3,245
Final Notices Issued	1,529	1,892	1,824	1,741	2,014	2,472	2,353	1,560	1,960	1,985	1,312
Summonses Issued	704	903	725	1,156	987	1,091	1,053	535	1,123	768	601
Liability Orders	426	666	672	749	683	771	734	411	525	522	550
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	203

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

NNDR recovery stage	Amount
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
total	£1,351,159.12

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 **31/03/19** **£1,721,721.41**

Reduction in Overall arrears **£ 854,602.18**

Business Rates Arrears breakdown as at 31st March 2019

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1990 to 1991	2,312.45	0	2,312.45	100%
2008	3,658.03	3,658.03	0	0%
2009	18,695.36	18,695.36	0	0%
2010	13,858.69	12,535.50	1,323.19	10%
2011	19,944.20	18,487.20	1,457.00	7%
2012	79,777.97	66,134.43	13,643.54	17%
2013	80,594.04	67,587.48	13,006.56	16%
2014	171,887.70	143,513.10	28,374.60	17%
2015	290,863.46	255,896.31	34,967.15	12%
2016	543,572.57	401,212.31	142,360.26	26%
2017	1,351,159.12	734,001.69	617,157.43	46%
	£2,576,323.59	£1,721,721.41	£854,602.18	33%

Cashiers Data

The cashiering service dealt with the following transactions in the period 1st April 2018 to 31st March 2019

Civic Centre Total	Transactions including Kiosk
£15,791,296.62	32,042

Payroll Data:

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

	Monthly	Annually
Non-Teaching/Teaching	2,576	30,912
Pensions	5,110	61,320

