

Liberata

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Our Ref: AIF/RJ

Dear John,

As we approach the January 2020 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 month period ended 30th September 2019.

Council Tax

The in-year collection for the period 1st April 2019 to 30th September 2019 was 58.06% and equates to £122.58m of cash collected. Although this was a reduction of 0.01% compared to the previous year, the cash actually collected in the period increased by £7.54m.

In Year Collection

	30/09/2019	30/09/2018	Variance
In Year	£m	£m	£m
Net Collectable Debt	£211.13	£198.10	£13.03
Amount Collected	-£122.58	-£115.04	£7.54
Debt Remaining	£88.55	£83.06	
Collection Rate	58.06%	58.07%	-0.01%

The all-years collection figure was 58.12% and represented cash of £89.63m. This was an increase of 0.02% against the previous year. 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.

All Years Collection

	30/09/2019	30/09/2018	Variance
All Years	£m	£m	£m
Net Collectable Debt	£214.00	£201.00	£13.00
Amount Collected	<u>-£124.37</u>	<u>-£116.77</u>	£7.60
Debt Remaining	<u>£89.00</u>	<u>£85.00</u>	
Collection Rate	58.12%	58.10%	0.02%

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.

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 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 period we issued 37,781 reminders (2018 – 41,609) and 4,310 summonses (2018 – 5,566).

We have continued to hold monthly drop-in summons surgeries. These provide an opportunity for taxpayers to meet with Liberata in order to discuss any Council Tax issues they may have and make arrangements to pay any outstanding balance. Since March 2019 we have extended this service to now also include an appointment based monthly surgery run in partnership with the Citizens Advice Bureau (CAB) at their offices. The benefits of this service are that they allow us to meet with residents, who may be suffering from debt issues, away from the Councils offices where they can be supported by a CAB representative whilst discussing their financial position. We can then work together to stress the importance of clearing their debt whilst also considering any possible discounts or exemptions they may be entitled to.

As part of our continued roll out of self-serve modules, we introduced the facility for residents to apply for e-billing meaning that they will receive bills and other correspondence regarding their Council Tax electronically rather than in paper format. This allows for a faster more secure method of communication for those signing up for this option. A major publicity campaign is being developed and will be launched early in the new year as a way of promoting this 'greener' method of communication. The number of residents signing up for self-service has continued to increase and we currently have nearly 55,000 registered accounts that generate an average of over 7,800 monthly page visits.

As at the period 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
- Set up direct debits
- Advise of a change in address
- Set up a payment arrangement
- Receive e-bills for Council Tax
- View Benefit account information and system generated correspondence
- View NNDR annual bills, copy bills, payment details, discount and exemptions status

We are currently finalising testing of the module that allows for the automation of the application process for discounts and exemptions and this is expected to go live in early 2020.

Business Rates

The in-year collection rate at 30th September 2019 was 56.67% which is an upturn in performance of 0.09% compared to the previous year's figure. In monetary terms the variance is equal to £87,752.

The improvement can be attributed in part to marginal gains that have resulted from changes to the enforcement process. Minor amendments have expedited the progress of non-payers through the recovery pipeline, maximising collection opportunities.

Retail Discount, which was introduced from 1st April 2019, has also contributed to the upturn. The scheme reduces the annual liability of retail premises by 33.3% and at the end of September £2.1m of relief had been granted to 704 ratepayers. A further canvass of 700 properties is scheduled before the end of the year, potentially reducing the net collectable debt by an additional £1.8m.

In Year Collection:

	30/09/2019	30/09/2018	Variance
In Year	£m	£m	£m
Net Collectable Debt	£97.50	£96.91	£0.59
Amount Collected	-£55.71	-£54.83	£0.88
Debt Remaining	£41.79	£42.08	
Collection Rate	56.67%	56.58%	0.09%

Payment by Direct Debit is the preferred method because it is a reliable process; 35.29% of ratepayers currently choose to pay their bill this way. To increase the level of Direct Debit payers, a canvass will be undertaken next year.

The all years collection rate at the end of September was 55.22%, an improvement of 1.66% compared to the previous year.

The primary factor for the improvement is the value of refunds processed because they have a negative effect on the collection rate. Last year there were significantly more receipts refunded due to the awarding of Revaluation Support Relief part way through the year which generated credit balances on a large number of accounts.

Impact of Refunds Processed:

	30/09/2019	30/09/2018	Variance
All Years	£m	£m	£m
Cash Collected	£1.11	£1.44	-£0.33
Refunds Processed	-£1.41	-£3.73	£2.32
Total	-£0.30	-£2.29	£1.99

It is expected that the value this year will remain lower and consequently the collection rate performance for all years will be greater this year than the 94.00% achieved in 2018/19.

All Years Collection Rate:

	30/09/2019	30/09/2018	Variance
All Years	£m	£m	£m
Net Collectable Debt	£100.04	£98.57	£1.47
Amount Collected	-£55.41	-£52.79	£2.62
Debt Remaining	£44.63	£45.78	
Collection Rate	55.22%	53.56%	1.66%

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 our year to date collection is 90.91% (£180k) which is an increase of 4.15% on the previous year. On Bromley we have so far collected 90.16% (£578k), which is 0.01% up on 2018. The Beckenham collection is 84.55% (£211k), an increase of 7.67% and Penge is 86.50% (129k), which is up by 9.99%.

Cashiers

We collected over £7.2m during April to September 2019 which covered 15,752 transactions and included amounts taken via the Kiosk, post and central income.

Pensions and Payroll

The Pension Team achieved an average of 99.03% service level compliance over the period April to September 2019.

The Council's latest Pensions Re-enrolment date was on the 1st May 2019, and this occurs every three years. Liberata carried out assessments to see if any staff needed to be enrolled into a Pension Scheme.

During the year the Payroll Team also continued to provide a valued service with an average accuracy rate of 99.97% across the LBB Corporate, Schools and Pensions payrolls.

Since April 2019 Liberata have migrated 14 Academy Schools to a new payroll system to reduce the number of licenses required by the Council as part of their contract with Zellis. Only one Academy Trust, consisting of six Schools and three Foundation Schools still remain on the Northgate payroll application. These are planned to be migrated across in April 2020. After which only one maintained school will remain on the current system.

The 2019 annual pay awards were applied for support staff, with the Bromley Localised and the NJC Pay Awards applied in April 2019. The Teachers' Pay Award of 2.75% will be applied in October 2019 salaries for the majority of Teachers employed in Schools.

There was an increase to the employer rate for Teachers' Pension from 16.48% to 23.68% from 1st September 2019

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 (2019/20 figures):

- £223.5 million – Annual amount of Council Tax raised
- £101.8 million – Annual amount of Business Rates raised
- £12.4 million – Annual payment of Council Tax Support
- £98.5 million - Gross estimated expenditure for Housing Benefit
- £29.8 million – Gross payment of staff salaries (through the LBB payroll service, including schools, excluding Academies) for the period from 1st April 2019 to 30th September 2019
- £14.8 million – Payment of Pensions from 1st April 2019 to 30th September 2019
- £7.2 million – 1st April 2019 to 30th September 2019 revenue on 15,752 transactions, this includes Kiosk
- (595 Loomis cash collections during the year to 30th September 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	Actual 01/04/19 to 30/09/19
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%	58.06%

Actual 30th September 2019 – 58.06%

The amount of collectable debt raised for the year 2019/20 was **£223.5m** in respect of **140,802** properties.

195 Cheque refunds and **2,880 BACs** refunds totalling **£1,002,866.53** have been issued from 1st April 2019 to 30th September 2019.

The following Council Tax recovery notices were issued:

	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	01/04/19 to 30/09/19
Reminders	34,892	34,971	51,920	45,816	56,256	54,745	52,125	55,553	78,657	63,387	37,781
Summonses	17,061	19,774	16,436	16,168	19,267	13,158	9,543	14,052	10,755	9,375	4,310
Liability Orders	10,713	12,956	9,396	10,868	9,999	8,645	8,337	10,338	9,115	8,105	6,282
14 day letters – Enforcement Agent warning	13,127	11,823	11,757	12,518	15,816	10,103	12,214	8,247	8,647	10,074	5,543
Accounts passed to Enforcement Agent	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	All at 14 day stage

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

The 2018/19 debt carried forward at the 1st April 2019 was £4,396,384.84

Council Tax - Summoned Debt	
Summonses / costs	£510,867.58
Arrangement	£375,226.60
Bailiff /14 DAY	£1,770,840.37
Attachment	74,647.14
Bankruptcy	£0
Liability	£607,990.72
Un-summused Debt	
Finals	£467,088.10
Un-summused	£589,724.33
Total	4,396,384.84

The breakdown analysis of the total 2018/19 debt outstanding at the 1st April 2019 of £4,396,384.84 is shown above.

The balance of the total 2018/19 debt outstanding as at the 30th September 2019 is £3,246,364.73, a reduction of £1,150,020.11

Council Tax Arrears Breakdown as at 30th September 2019

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
1998	£1,810.57	£0.01	£1,810.56	
1999	£3,282.87	£107.50	£3,175.37	
2000	£9,290.88	£4,116.76	£5,174.12	
2001	£16,823.35	£11,186.97	£5,636.38	
2002	£25,473.60	£21,740.56	£3,733.04	
2003	£40,921.19	£37,865.95	£3,055.24	
2004	£52,439.32	£46,600.62	£5,838.70	
2005	£82,479.43	£70,233.09	£12,246.34	
2006	£118,358.12	£103,257.00	£15,101.12	
2007	£143,387.58	£132,132.41	£11,255.17	
2008	£188,732.34	£168,884.77	£19,847.57	
SUB TOTAL	£682,999.25	£596,125.64	£86,873.61	12.72%
2009	£217,307.95	£195,961.38	£21,346.57	9.82%
2010	£261,999.10	£238,787.23	£23,211.87	8.86%
2011	£347,573.09	£314,947.29	£32,625.80	9.39%
2012	£445,144.54	£407,357.00	£37,787.54	8.49%
2013	£723,085.22	£662,925.25	£60,159.97	8.32%
2014	£921,277.23	£847,086.23	£74,191.00	8.05%
2015	£1,164,803.55	£1,074,542.07	£90,261.48	7.75%
2016	£1,609,042.38	£1,438,906.38	£170,136.00	10.57%
2017	£2,347,256.44	£2,051,743.43	£295,513.01	12.59%
2018	£4,396,384.84	£3,246,364.73	£1,150,020.11	26.16%
TOTAL	£13,116,873.59	£11,074,746.63	£2,042,126.96	15.57%

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	Actual 01/04/19 to 30/09/19
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%	56.67%

The amount of collectable debt raised for the year 2019/20 is **£101.8 million**.

There have been 607 refunds actioned from the 1st April 2019 to the 30th September 2019 amounting to **£1,970,931.44** in respect of vacation and rateable value reductions.

The following recovery notices were issued -

	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	31/03/19	01/04/19 to 30/09/19
Reminders Issued	3,977	3404	2,536	4,023	3,545	4,445	4,263	4,288	3,525	3,245	2,230
Final Notices Issued	1,892	1,824	1,741	2,014	2,472	2,353	1,560	1,960	1,985	1,312	1,194
Summonses Issued	903	725	1,156	987	1,091	1,053	535	1,123	768	601	261
Liability Orders	666	672	749	683	771	734	411	525	522	550	274
7 day letters issued	674	367	471	501	No longer used	No longer used	No longer used	No longer used	No longer used	No longer used	No longer used
Accounts passed to Enforcement Agent	316	430	537	645	650	444	283	184	159	203	279

The **2018/19** debt carried forward at 1st April 2019 was **£1,470,359.14**

NNDR recovery stage	Amount
Un-summonsed	£369,180.08
Arrangement	£86,216.25
Enforcement Agent	£249,750.98
Final	£240,169.00
Liability	£307,413.38
Reminders	£140,434.54
Summonsed	£77,194.91
Total	£1,470,359.14

Movement in arrears for reporting period –

Arrears total 2001 - 2018/19 as at **01/04/19** **£3,192,080.55**

Arrears total 2001 - 2018/19 as at **31/09/19** **£2,216,117.77**

Reduction in Overall arrears **£ 975,962.78**

Business Rates Arrears breakdown as at 30th September 2019

	Arrears B/F 31.03.2018	Arrears carried forward	Net reduction	Actual % collection
2001	0	137.94	-137.94	
2008	3,658.03	2,595.79	1,062.24	29.04%
2009	18,695.36	2,375.45	16,319.91	87.29%
2010	12,535.50	11,515.66	1,019.84	8.14%
2011	18,487.20	17,985.17	502.03	2.72%
2012	66,134.43	48,068.54	18,065.89	27.32%
2013	67,587.48	51,158.86	16,428.62	24.31%
2014	143,513.10	88,789.32	54,723.78	38.13%
2015	255,896.31	179,908.61	75,987.70	29.69%
2016	401,212.31	280,649.78	120,562.53	30.05%
2017	734,001.69	572,333.26	161,668.43	22.03%
2018	1,470,359.14	960,599.39	509,759.75	34.67%
	3,192,080.55	2,216,117.77	975,962.78	30.57%

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 1st April 2019 to 30th September 2019:

Civic Centre Total	Transactions including Kiosk
£7,209,152.29	15,752

Payroll Data:

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

	Monthly	Annually
Non-Teaching/Teaching	2,408	28,896
Pensions	5,223	62,676

