

Report No.  
FSD24045

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** **PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING AND CONTRACT MANAGEMENT**

**Date:** **Monday 8 July 2024**

**Decision Type:** Non-Urgent                      Non-Executive                      Non-Key

**Title:** **REVENUES SERVICE MONITORING REPORT**

**Contact Officer:** Jayne Carpenter, Revenues and Benefits Manager  
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**Chief Officer:** Peter Turner, Director of Finance

**Ward:** (All Wards);

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#### 1. Reason for report

- 1.1 This report provides information regarding the performance of the Revenues Services provided by Liberata for the period 1 December 2023 to 31 March 2024. A letter from Bola Odunsi, Liberata's Regional Director (London and the Southeast), provides an update on each of the individual services and is attached at Appendix 1 with statistical data relating to the Revenues Service attached at Appendix 2.
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#### 2. **RECOMMENDATION(S)**

The PDS is requested to:

- note the information contained within the report and the letter provided by Liberata detailed in Appendices 1 & 2

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The Revenues Service impacts on all residents in the Authority including vulnerable adults/and those with children.
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### Corporate Policy

1. Policy Status: Existing Policy
  2. Making Bromley Even Better Priority
  - (5) To manage our resources well, providing value for money, and efficient and effective for Bromley's residents
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### Financial

1. Cost of proposal: Not applicable
  2. Ongoing costs: Not applicable
  3. Budget head/performance centre: Exchequer - Revenues
  4. Total current budget for this head: £3.9m
  5. Source of funding: Existing Revenue Budget for 2023/24
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### Personnel

1. Number of staff (current and additional): 3 plus Liberata staff
  2. If from existing staff resources, number of staff hours: Existing Revenue budget for 2023/24
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### Legal

1. Legal Requirement:  
Local Government Finance Act 1988  
The Council Tax (Administration and Enforcement) Regulations 1992  
The Local Government Finance Act 2012  
Rating Law and Practice; England and Wales  
LGPS Regulations 2013
  2. Call-in: Not applicable
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### Procurement

1. Summary of Procurement Implications: The Revenues Service forms part of the Exchequer Services contract
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### Property

1. Summary of Property implications: Not applicable
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### Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability implications: Not applicable
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### Impact on the Local Economy

1. Summary of Local Economy implications: Not applicable
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### Impact on the Health and Wellbeing

1. Summary of Health and Wellbeing implications: Not applicable
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### Customer Impact

1. Summary of Health and Wellbeing implications: The Services covered in this report affect all the Council Tax payers, Business rates payer, Members and Pensioners, this could be estimated to 150,000 households.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
  2. Summary of Ward Councillors comments: Not applicable
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### 3. COMMENTARY

3.1 The Exchequer Services Team monitors the contract, sets targets and performance standards. Liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.

3.2 To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. The Heads of Service of Liberata and Bromley meet regularly to deal with escalated issues, review policies and develop new ideas.

### 3.3 Council Tax

#### Collection

The in-year collection for the period ending 31 March 2024 was 96.94% which is 0.18% down on that achieved last year.

The collection rate for the current year and arrears for the period ending 31 March 2024 was 96.18% which is 0.71% lower than last year.

All previous measures to maximise collection remain in place, but we have recently added a separate team to focus solely on trying to collect the arrears of Council Tax across previous years.

Liberata are also looking to introduce the following:

- focused efforts on potentially more achievable debt cases (propensity to pay).
- an automated outbound messaging service to prompt customers for payments or to make contact to make appropriate arrangements.
- a specialist Inspection team to visit all customers in receipt of a final notice to ensure they are still resident and offer appropriate support and guidance for those struggling to make payments.

There is currently no published benchmarking data on collection figures. However, based on our monitoring data, Bromley came 6<sup>th</sup> out of the 26 London Boroughs who provided the information.

#### Recovery of Council Tax

The collection and recovery of both in year and arrears are proving more challenging this year. This is maybe attributed to the economic pressures that many residents are experiencing, arrears accrued during the pandemic, the change in the Council Tax Support scheme and the increase in the Empty Home Premiums from 1 April 2023.

Whilst there is no statistical data available to support, it's evident during discussions with the London Revenues Group, that the majority of Local Authorities are finding it more difficult to collect Council Tax since the pandemic as many residents are now facing the challenge of paying current years charge in addition to the accumulated arrears.

This is demonstrated by the number of summonses issued and cases referred for enforcement when compared to previous years.

The table below details how many summonses have been issued and accounts referred to enforcement agent since 2017/18. It highlights that no Court recovery action took place in 2020/21 (pandemic restrictions applied) which delayed the recovery processes and that during 2023/24 we issued more summonses and referred more accounts to the Enforcement agents than last year.

<b>Financial Year</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Number of Summonses Issued</b>	10,755	9,375	9,561	0	21,132	12,421	13,957
<b>Number of accounts passed to Enforcement agent</b>	8,647	10,074	9,129	0	10,518	9,491	11,725

The Exchequer Services Team whilst monitoring performance, are ensuring that all methods of recovery are effectively being adopted.

### **Number of properties on the Council Tax register**

At the 31 March 2024, the number of properties registered for Council Tax was 143,276. The table below shows the number of properties by Council Tax “band” and the number in receipt of Single Person Discount (SPD):

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Number of properties	2,125	10,516	30,393	36,413	29,525	18,533	14,044	1,727	143,276
Number of properties with SPD	1,227	6,300	13,911	11,474	6,871	3,515	2,074	164	45,536

In comparison to last year, the number of registered properties has increased by 494 and the number receiving SPD has increased by 349.

The number of accounts receiving SPD in 2022/23 and 2023/24 varies very little, a comparison chart is included at Appendix 3.

### **Single Person Discount review**

The accounts in receipt of SPD are reviewed annually and is being done in partnership with a credit reference agency using a “residency checker service” that allows us to undertake a data matching exercise on our live SPD accounts. This year’s review has been completed and resulted in 714 accounts having the discount removed.

## Direct Debit

Council Tax can be paid by direct debit on either 1<sup>st</sup> or 15<sup>th</sup> of the month and over 10 or 12 months. Last year, 73.29 % of the accounts were being paid by direct debit compared to 71.2% at end of 22/23. The number of accounts paid by direct debit fluctuates during the year due to residents moving in and out in of the borough. The increase is attributed to the direct debit campaign.

## Empty Homes Premium (EHP)

From 1 April 2023, the EHP was increased to 100% for properties that have been empty for over 2 years, 200% for properties over 5 year and 300% after 10 years.

At the 31 March 2024 the EHP was applied to 417 properties, an increase of 27 since March 2023. The table below shows the long-term empty properties by Council Tax band and by the number of years they have been empty for:

Band	A	B	C	D	E	F	G	H	Total
Number of properties to which an EHP is being applied	14	54	175	91	42	26	12	3	417
Number of properties Empty between 2 and 5 years (100% premium)	12	37	135	53	37	22	11	1	308
Number of properties Empty between 5 and 10 years (200% premium)	2	12	31	25	3	1	1	1	76
Number of properties empty over 10 years (300% premium)	0	3	9	13	2	3	0	1	33

## 3.4 Business Rates

### Collection

The in-year Business rates collection rate for the period ending 31 March 2024 was 97.11% which is down by 0.10% on the previous year's figure.

The reduction is partly being attributed to Covid Additional Relief Fund (CARF) payments that were granted last year, as a significant number of businesses wanted the award offset against their 2022/23 liabilities and the challenges being faced by small businesses.

The collection rate for current year and arrears for the period ending 31 March 2024 was 94.16% which is an increase of 1.06 % for the same period last year.

In order to maximise recovery, the following initiatives remain in place:-

- increased frequency of reminders and final notices
- telephoning businesses that have been issued with recovery notices
- an adjustment of the recovery process to enable debts to be moved through the billing and recovery cycle quicker

Whilst Liberata look to introduce:

- a specialist Inspection team to visit all businesses in receipt of a final notice to ensure they are still trading and offer appropriate support/guidance for those struggling to make payments.
- a team focused on arrears collection.

There is currently no published benchmarking data on collection figures. However, based on our monitoring data, Bromley came 14<sup>th</sup> out of the 27 London Boroughs who provided the information.

### **Number of properties on the Business Rates register**

As at the 31 March 2024 there were 7,416 properties registered for Business Rates, this is an increase of 11 on the figure as at the 31 March 2023.

The table below shows the number of premises by their current rateable value:

<b>Business size based on rateable value</b>	<b>Properties at 31.3.23</b>	<b>Properties at 31.3.24</b>
Less than £28k (small)	5,763	5,576
Between £28,001k and £100,000 (medium)	1,197	1,181
Over £100,001 (large)	445	449
<b>Total</b>	<b>7,405</b>	<b>7,416</b>

### **Business rate review**

During 2023/24, Liberata undertook a review to identify any additional rateable value properties previously not rated by or undervalued by the Valuation Office Agency (VOA).

The review highlighted 42 prospects, all of which were referred to the VOA for assessment.

So far, 17 prospects have been successful and equated to additional £102,403 of chargeable business rates.

There are still 13 outstanding prospects with the VOA awaiting assessment.

### **Recovery of Business rates**

Recovery of Business Rates has a prescribed recovery process set out in the Local Finance Act 1988 and is adopted by all Local Authorities.

Ultimately, when the account remains unpaid, after obtaining a Liability order at the Magistrates court the debt is referred to an enforcement agent for collection.

Historically, Bromley had been able to collect the majority of the Business Rates owed without the need to refer accounts to the enforcement agents. However, since the pandemic, the number

of accounts referred has increased. The table below shows the number of accounts referred to the enforcement agents since 2017/18:

<b>Financial Year</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Number of accounts passed to Enforcement agent</b>	159	203	369	0	545	1,015	995

Whilst there is currently no statistical data to support, other LA's are experiencing an increase in the referral to enforcement agents, this has been attributed to the financial struggle faced by businesses caused by the pandemic and the current economic pressures being experienced e.g. increased energy costs.

At the 31 March 2024, there were 334 current year debts with the enforcement agents which related to the following types of property/business:

<b>Property/Business Description</b>	<b>Number</b>
Shop	130
Offices	124
Restaurant	18
Workshop	13
Warehouse	9
Car Parking Space and premises	6
Store and premises	6
Cafe	5
Public House	4
Betting shop	2
Vehicle repair workshop and premises	2
Advertising right and premises	1
Automatic Teller Machine and premises	1
Bank & premises	1
Car Park and premises	1
Club and premises	1
Gymnasium	1
Hairdressing salon	1
Kiosk	1
Land used for Storage and premises	1
Launderette	1
School	1
Shop, store & premises	1
Surgery	1
Takeaway food outlet	1
Warehouse, workshop and premises	1
<b>Total</b>	<b>334</b>

At the 30 November 2023, 186 accounts had been passed to the enforcement agents by 31 March 2024 this had increased to 334 with shops and offices being the most affected categories.

### **3.5 Cashiers**

The number of payments received, including amounts received via either of the payment kiosks, or by post is shown in the table below:-

<b>Period</b>	<b>Number of transactions</b>	<b>Amount</b>
1.4.21 – 31.3.22	9,396	£6,289,973
1.4.22 – 30.3.23	9,446	£3,749,659
1.4.23 – 31.3.24	9,328	£3,041,503

The value of the amounts being received via either of the payment kiosks, or by post continues to reduce. This has been attributed to residents and businesses preferring to pay by BACS, automated or on-line method rather than sending cheques by post or using the kiosks.

### **3.6 Payroll**

The number of payments made in March 2024 was as follows:

LBB General/Schools      2,744

Pensions                      5,689

For the period 1 April 2023 to 31 March 2024 Liberata achieved 96.30% accuracy.

### **3.7 Pensions**

Membership numbers recorded on the pension administration system at the 31 March 2024 were 6,526 actives, 8097 deferred and 6,139 pensioners.

The number of pensioners recorded on the Pension system is different to the number of pensions paid because pensioners only have one record on the Payroll system but they may have more than one pension record in the pension system e.g. a person may have worked for different departments or left Bromley then returned at a later date

Liberata have provided assurance that all pension entitlement and benefits are calculated and paid in accordance with Legislation and the Local Government Pension Scheme Regulations.

## **4. FINANCIAL IMPLICATIONS**

4.1 This report refers to significant income collection undertaken through the Exchequer Service contract with Liberata. For 2023/24 the key financial elements of the Revenues Service are:

- £254.8m - annual Council Tax raised
- £90m – annual Business Rates raised
- £84.1m – gross amount paid in staff salaries (inclusive of Schools but excluding Academies) for the period 1 April to 31 March 2024



- £35.1m – gross amount paid in Pensions for the period 1 April to 31 March 2024
- £3.04m - revenue on 9,328 transactions for the period 1 April to 31 March 2024 (including kiosks)

## 5. TRANSFORMATION/POLICY IMPLICATIONS

- 5.1 One of the “Making Bromley Even Better” ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley’s residents. To achieve this, we will ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

## 6. LEGAL IMPLICATIONS

- 6.1 This is a contract monitoring report pursuant to CPR23. There are no specific legal implications raising from this report.

## 7. CUSTOMER IMPACT

- 7.1 The Revenues Services impacts of a wide variety of customers which include residents, staff and pensioners.

## 8. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

- 8.1 Liberata exclusively uses Ark data centres which are committed to the European Green Deal, achieving the ambitious greenhouse gas reductions of the climate law, and leveraging technology and digitalisation to achieve the goal of making Europe climate neutral by 2050. For the last 6 years, all Ark facilities have been powered by 100% renewable energy. To improve sustainability further Ark has developed innovative direct air evaporative cooling capability that dramatically lowers energy consumption and cost, capable of providing compressor free cooling for 100% of every year. The My Bromley account software supports 49,815 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.

Liberata also supports staff to volunteer for local organisations, such as Age Concern’s befriending scheme.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children, Personnel, Procurement, Property, Impact on the Economy, Impact of Health and Wellbeing and Ward Councillors views
Background Documents: (Access via Contact Officer)	