Harnessing Organisational Data

April 2023

Revenues Service
Core Functions

Council Tax

- Billing, recovery and enforcement

- Discounts, exemptions and reliefs administration

- Key Metrics
  - In-year collections
  - Previous year arrears collection
  - All prior years arrears collection

Business Rates

- Billing, recovery and enforcement

- Discounts and reliefs administration

- Key Metrics
  - In-year collections
  - Previous year arrears collection
  - All prior years arrears collection

Performance data on all these key metrics is publicly available to use to benchmark collections and therefore Council income

Revenue collection performance is critical to funding frontline services, resilience and sustainability initiatives

Harnessing Revenues Data
Data Driven Benchmarks

Traditional Benchmarking

- Council Tax & Business Rates are traditionally benchmarked using:
  - National average collection rates
  - Near-neighbour comparison
  - Previous years performance
  - Arbitrary KPIs

Most of the chosen benchmarks are designed to prove that the Revenues service is good
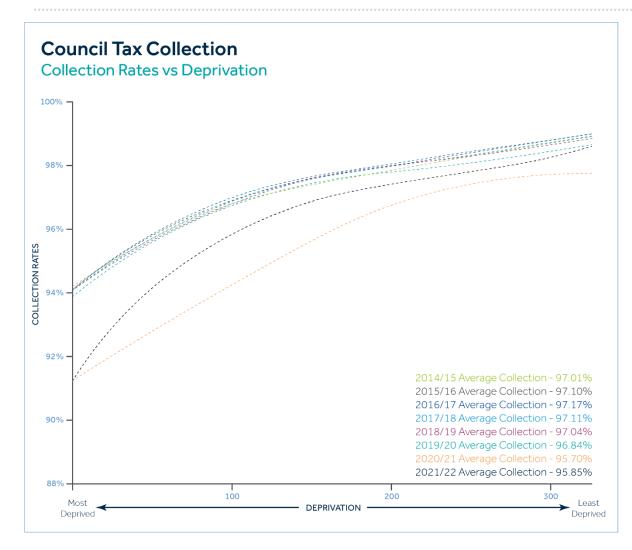
Insight Driven Benchmarking

- All data taken from statutory returns

- Uses over 2.5 million publicly available data items compiled over the last 8 years

- Accepted methodology by IRRV

- Update presentations at every IRRV major conference

- Uses Indices of Multiple Deprivation
  - More affluent boroughs are more likely to achieve higher collection rates
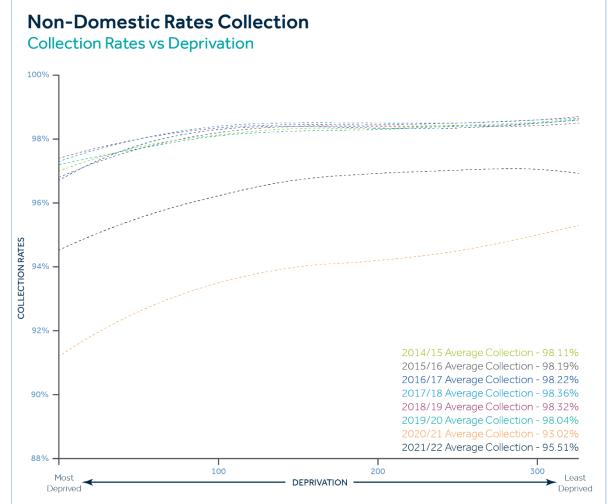 - More deprived boroughs are more likely to deliver lower collection rates

Deprivation is a bigger predictor of collection rate than either geographic or historic factors

Council Tax Arrears
Benchmarking collections performance

Arrears Collection
Council Tax Performance 2019/20 - 2020/21

- 2019/20 IMD Expected Collection Rate
- 2020/21 IMD Expected Collection Rate

2019/20 Average Collection - 37.10%
2020/21 Average Collection - 28.40%

PREVIOUS YEAR COLLECTION RATES

Most Deprived — DEPRIVATION — Least Deprived

All data taken from statutory returns & Indices of Multiple Deprivation

The same type of plot also highlights discrepancies in arrears performance
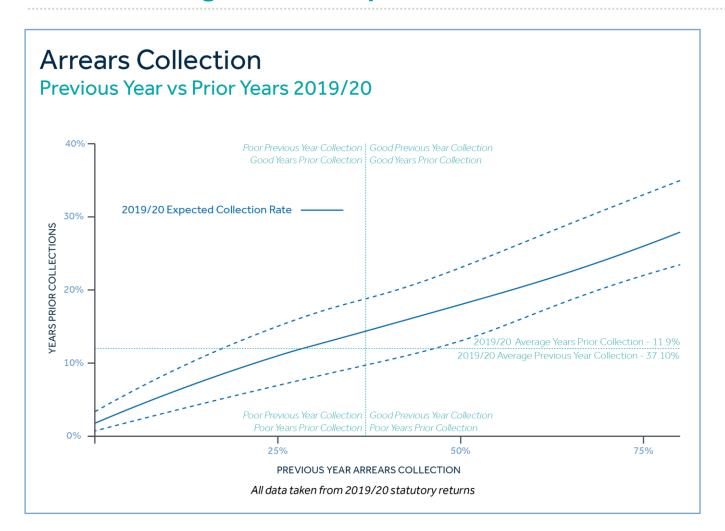
Normal range typically covers a 18-20% band

Relatively linear trajectory, but with a drop at the most deprived end of the spectrum and an uptick at the most affluent

Curve shallows slightly for the most deprived authorities in 2020/21 as Covid impacts arrears recovery

Council Tax Arrears
Benchmarking collections performance

Arrears Collection
Previous Year vs Prior Years 2019/20

- Poor Previous Year Collection / Good Years Prior Collection
- Good Previous Year Collection / Good Years Prior Collection
- 2019/20 Expected Collection Rate
- 2019/20 Average Years Prior Collection - 11.9%
- 2019/20 Average Previous Year Collection - 37.10%
- Poor Previous Year Collection / Poor Years Prior Collection
- Good Previous Year Collection / Poor Years Prior Collection

YEARS PRIOR COLLECTIONS

PREVIOUS YEAR ARREARS COLLECTION

All data taken from 2019/20 statutory returns

Stronger correlation between previous years arrears collection and prior years collection than against IMD

Normal range expands with improved previous years collections performance

**Better in-year collection
=
Better previous year collection
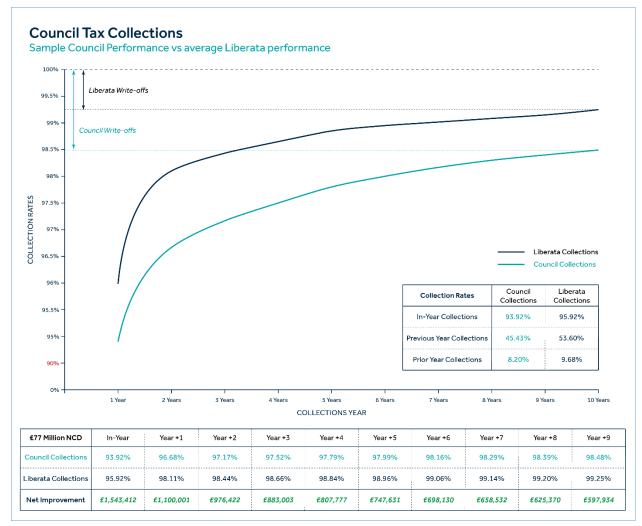=
Better prior years collection**

Long Term Collections
Improving Collection Rates & Overall Income

- Revenues Managers – "We'll get the money anyway"

- Focus on in-year collections and early arrears drives **significantly better collections** over the lifetime of a single debt

- After 3 years –
  - £976,422 additional CTax collections
  - £334,852 additional NDR collections

- After 10 years –
  - £597,934 additional CTax collections
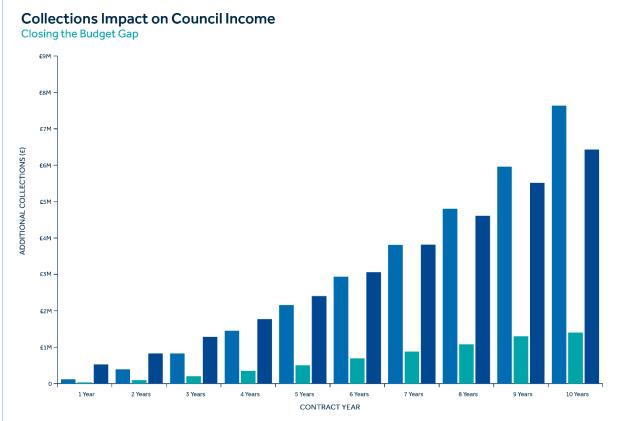 - £244,853 additional NDR collections

  A single year of debt generates over **£840,000 of additional collections**

Council Tax Collections
Sample Council Performance vs average Liberata performance

Liberata Write-offs

Council Write-offs

COLLECTION RATES

COLLECTIONS YEAR

— Liberata Collections
— Council Collections

Collection Rates	Council Collections	Liberata Collections
In-Year Collections	93.92%	95.92%
Previous Year Collections	45.43%	53.60%
Prior Year Collections	8.20%	9.68%

£77 Million NCD	In-Year	Year +1	Year +2	Year +3	Year +4	Year +5	Year +6	Year +7	Year +8	Year +9
Council Collections	93.92%	96.68%	97.17%	97.52%	97.79%	97.99%	98.16%	98.29%	98.39%	98.48%
Liberata Collections	95.92%	98.11%	98.44%	98.66%	98.84%	98.96%	99.06%	99.14%	99.20%	99.25%
Net Improvement	£1,543,412	£1,100,001	£976,422	£883,003	£807,777	£747,631	£698,130	£658,532	£625,370	£597,934

Long Term Collections
Impact on Income

Collections Impact on Council Income
Closing the Budget Gap

£171M Total NCD	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Council Tax	£124,104	£391,489	£826,504	£1,459,849	£2,158,449	£2,933,969	£3,809,311	£4,806,300	£5,963,166	£7,635,062
Business Rates	£29,995	£94,386	£198,509	£348,626	£511,540	£687,963	£878,464	£1,080,259	£1,283,682	£1,392,711
NCD Maximisation	£532,281	£828,048	£1,279,979	£1,773,041	£2,407,086	£3,050,922	£3,831,189	£4,611,523	£5,524,190	£6,428,123
Cumulative Income	£686,380	£1,313,923	£2,304,992	£3,581,517	£5,077,075	£6,672,854	£8,518,964	£10,498,081	£12,771,038	£15,455,896

Income Streams:

- **Council Tax** – Average £763,000 per year additional income

- **Business Rates** – Average £139,000 per year additional income

- **Tax Base Maximisation** – Average £642,000 per year additional income

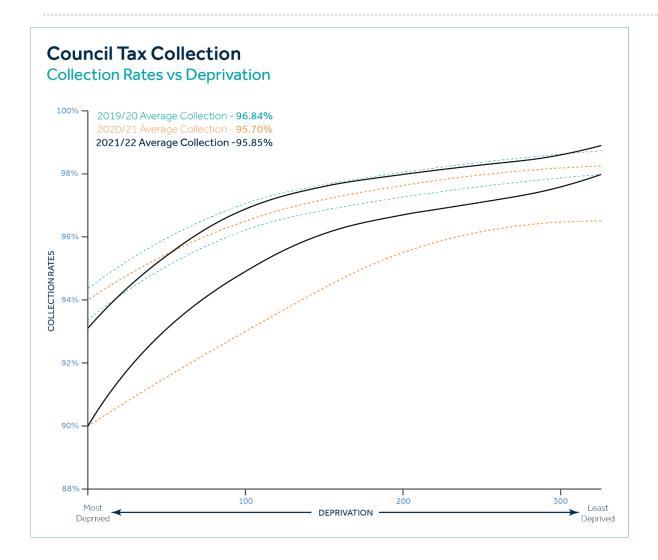### £15.45 Million over 10 years
0.9% net income improvement

Based on a 3 year ramp up to run rate performance

Uses Liberata average performance as the baseline for achievability

Benchmarking Collections
Establishing the Normal Range

Council Tax Collection
Collection Rates vs Deprivation

2019/20 Average Collection - **96.84%**
2020/21 Average Collection - **95.70%**
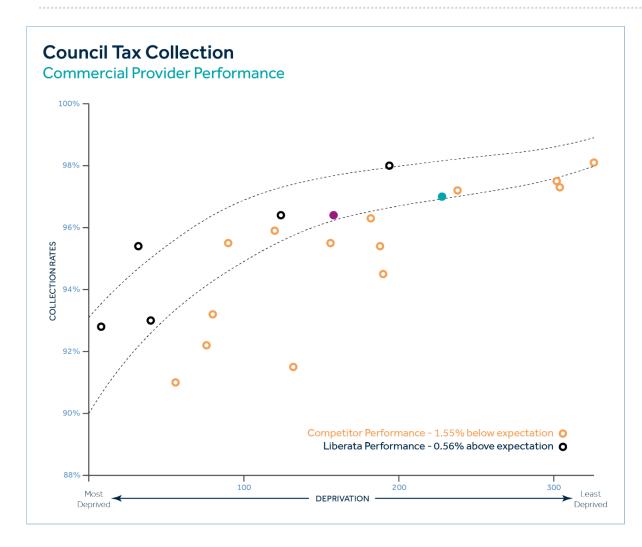2021/22 Average Collection - **95.85%**

- Normal range defined as being within 1 standard deviation against a 20 place rolling average compared to the baseline predicted collections

- Typically 70% of authorities sit within the normal range

- COVID Impact –
  - Collections drop across all authorities
  - Increase in the variability of collections between authorities
  - Disproportionate impact on most deprived authorities
  - Recovery more rapid for the more affluent authorities, much slower for the most deprived

Council Tax Collection
Commercial Provider Comparison 2021/22

Council Tax Collection
Commercial Provider Performance

- **Liberata**
  - 3 year average collection – 0.35% above expectation
  - 2021/22 – 7 clients across 7 contracts
  - April 2023 onwards – 10 clients across 9 contracts

- **Competitors**
  - 3 year average collection – 1.29% below expectation
  - 2021/22 – 14 clients across 9 contracts
  - April 2023 onwards – 12 clients across 7 contracts

System	Market Share	CTax Collection	Resourcing
System A	48%	+0.05%	-16%
System B	42%	-0.44%	+19%
System C	10%	+0.13%	-2%

Business Rates Collection
Commercial Provider Comparison 2021/22
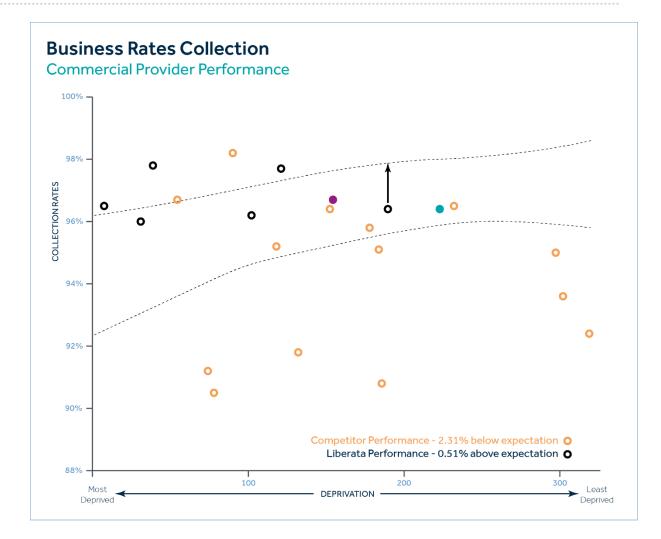
- Liberata
  - 3 year average collection – 1.01% above expectation
  - 2021/22 – 8 clients across 8 contracts
  - 2023 onwards – 11 clients across 10 contracts

- Competitor
  - 3 year average collection – 1.36% below expectation
  - 2021/22 – 14 clients across 9 contracts
  - 2023 onwards – 12 clients across 7 contracts

System	Business Rates
System A	+0.19%
System B	-1.73%
System C	-0.10%

Business Rates Collection
Commercial Provider Performance

Competitor Performance - 2.31% below expectation
Liberata Performance - 0.51% above expectation

COLLECTION RATES

DEPRIVATION

Most Deprived — Least Deprived

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Benchmarking Collections
Establishing the Normal Range

Business Rates Collection
Comparative Business Rates Performance

Unitary Authority - £108 Million NCD

- Three year performance:
  - 2019/20 *(previous provider)* – 95.79% significantly below the normal range
    - *- £1.14 Million below expectation*
  - 2020/21 *(transfer mid-year)* – 89.95% on the bottom edge of the normal range
    - *-£1.3 Million below expectation*
  - 2021/22 *(Liberata service)* – 96.15% almost precisely on expectation
    - *£12,000 above expectation*

- Covid collection rates dropped by 5.84% in line with the Unitary authority average

- Hitting expectations within 18 months of service delivery by Liberata, ahead of 30 month plan

Improving Collections
Baselining the Art of the Possible

Authority A - London	Council Tax - Council		Business Rates - Council		Council Tax - Liberata	Business Rates - Liberata
£219 Million Income p.a.	- £677,000	-0.42%	- £90,000	-0.03%	£1.5 Million extra collections	£1.8 Million extra collections

Authority B - Unitary	Council Tax - Council		Business Rates - Council		Council Tax - Liberata	Business Rates - Liberata
£397 Million Income p.a.	- £5.3 Million	-1.88%	- £8.8 Million	-4.39%	£6.9 Million extra collections	£9.8 Million extra collections

Authority C - District	Council Tax - Council		Business Rates - Council		Council Tax - Liberata	Business Rates - Liberata
£31.1 Million Income p.a.	- £612,000	-0.74%	£824,000	1.50%	£1.1 Million extra collections	Maintain performance

Authority D - Unitary	Council Tax - Council		Business Rates - Council		Council Tax - Liberata	Business Rates - Liberata
£244 Million income p.a.	£1.89 Million	1.11%	-£643,000	-0.87%	Maintain performance	£978,000 extra collections

Authority E – Unitary	Council Tax - Council		Business Rates - Council		Council Tax - Liberata	Business Rates - Liberata
£228 Million income p.a.	£387,000	0.35%	£124,000	0.10%	£273,000 extra collections	£406,000 extra collections

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