

Maximising Council Tax income for East Kent Services

Civica Income Maximisation achieves £3.6m in additional Council Tax income.

In 2011 Canterbury City Council, Dover District Council and Thanet District Council came together as East Kent shared services and included functions such as Customer Services, Housing and Revenues and Benefits. The aim of the partnership was to generate improved operational efficiency savings and increase service resilience.

With limited resources available to manage arrears debt, the team focused on maintaining Council Tax in-year collection. As a result, over £10m of aged debt had built up where the debt had been through the normal recovery process without full payment being collected.

The three councils continued to face increasing financial challenges despite the operational savings they had made. The large amount of aged debt presented an opportunity to tackle these financial challenges by maximising the councils' income.

A need for additional collections

Part of the operational savings East Kent Services had delivered resulted in reduced resources, meaning they now faced a new challenge.

They needed assistance and a focused effort to address the stubborn aged debt that had built up. East Kent Services realised more could be done to move the aged arrear's debt back into an active recovery and payment position. To do this there was not only the need for dedicated resource to work on the debt but also an acceptance that a fresh approach and recovery process was required that would yield long term results for the councils.

As Chris Blundell, Head of Shared Services explains "Along with most councils, resources dictated that we focused more on in-year collection to ensure that we were able to balance the books, therefore the very aged Council Tax debt had always been put off for another day. The ongoing squeeze on the council's finances meant we had to look at the aged debt and overcome the view that nothing else could be done."

Key outcomes

- 1 | £3.6m in additional Council Tax income collected
- 2 | Initial goal of collecting £1.4m exceeded by 157%
- 3 | Redundant aged debt reclaimed through active managed recovery.

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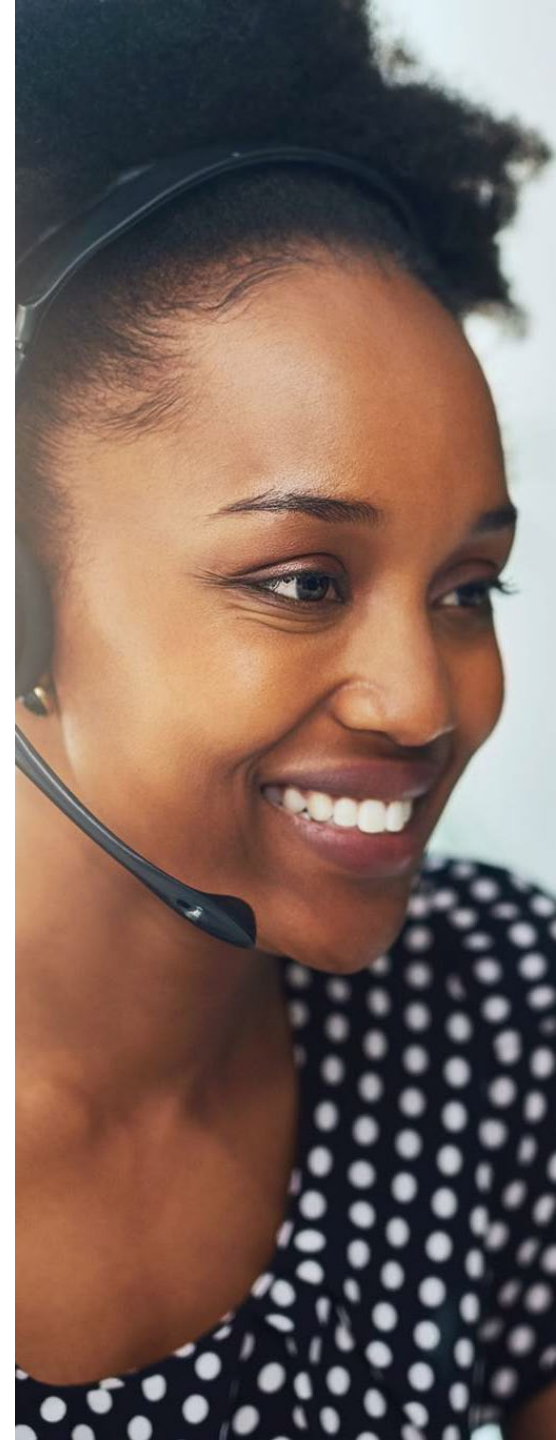
Chris Blundell,
Head of Shared Services
East Kent Services

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As part of this fresh approach, they wanted to optimise use of systems and work in partnership with other providers rather than simply increase resource and work in the same way. Furthermore, they recognised that it was not just about collection but also debt resolution and a need to maximise engagement and work with local welfare groups to help customers navigate their way to sustainable payment solutions.

East Kent Services outsourced the activity to Civica and set a goal to collect a minimum £1.4m in Council Tax from the aged debt in 36 months. This collection had to be in addition to the normal in year and arrears collection.

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Chris Blundell,
Head of Shared Services
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A fully focused recovery team

One of the biggest problems facing local authorities when looking to address aged debt is the high resource requirement for the initial activity to move debt back in active recovery. Once the debt is returned to an active state the resource required to manage and maintain the debt reduces. The challenge for local authorities is how they can resource this initial activity without increasing the cost of resourcing long term.

Given the size of the aged Council Tax debt at East Kent and the lack of resource to manage it, the team looked to Civica. Civica implemented its flexible and fully managed Income Maximisation service. As part of the project, a dedicated team of experienced recovery officers was established to specifically target the aged debt. The team complemented the main business as usual collection and recovery teams.

The Civica team set up separate processes within the councils' revenues system to enable the debt to be ring fenced and reported against separately. To address the need to recover differently the processes deployed focused on engagement and resolution rather than the traditional threat-based approach.

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The new processes were customer centric with all communications being behavioural insight led, incorporating nudge theory to influence customers to take positive action to resolve their outstanding debt. Where customers responded and engaged with the Civica team the emphasis was on affordable and sustainable repayment solutions to address debt in the long term. It was imperative to break the short term and costly cycle of numerous failed payment arrangements associated with forcing customers into unrealistic repayment terms for short term gain.

Due to the implementation of Civica's Income Maximisation service, the ring-fenced aged debt was managed back into an active recovery and payment position. This resulted in £3.6m of additional Council Tax collections compared to the initial goal to collect £1.4m.

"Civica collecting over £3.5m in additional Council Tax from previously inactive aged debt has been a fantastic achievement. This has contributed towards an increased surplus in the collection fund that has helped us maintain vital services at a time of extreme financial pressure," says Chris.

In addition to the three district Councils gaining from the increased income, the surplus collection fund meant that other authorities, including Kent County Council, benefitted from the additional income.

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