



Mark Fearn

How Walsall Council embraced a real time bespoke solution to improve its Council Tax collection rates

Replacing the 'sausage machine' approach

Council Tax collection is not broken, the collections rates are second to none, and it just needs reshaping or reengineering to address the financially vulnerable citizens

Financial vulnerability can start a sequence of events putting pressure on individuals and households and the UK is seeing a rise in debt and levels of arrears, caused by a range of economic and social factors including stagnating wages and rising household bills.

We know that financial stress can contribute to the complex issue of vulnerability. Identifying and supporting vulnerable or at risk individuals is an increasing priority to councils and Walsall Council has made the first steps to address the challenge, choosing Ascendant Solutions Limited as their partner to assist with this key area.

Financial difficulties and mental health problems are closely interlinked. People with mental health problems are three and a half times as likely to be in problem debt and based on reports from Christians Against Poverty (CAP) nearly half of all people in problem debt also have a mental health problem and at least two other difficulties. The difficulties your customers face create the barrier and can shut down any form of engagement; over time this can drive a destructive cycle, worsening both mental and financial wellbeing.

So why did we at Walsall want to have a look at this area and how it effects Council Tax collection? Well, Walsall was in the Top (worst) 20 councils according to Index of Multiple Deprivation and the Top (worst) 20 in relation to proportion of population living in income deprived households. In addition, 20% of Walsall's LSOA's are in the 10% most deprived areas and 40% in the 20% most deprived areas, although there are still parts of the borough that are relatively wealthy.

There is plenty of talk and noise going about on 'ethical collection' but what does that actually mean? Some councils have taken the step of not referring cases to enforcement agents and all enforcement methods now seem to be the 'method of last resort'. What we decided was that actually we were not too bad at collecting Council Tax and have long been

aware of the difficulties that our customers face, however we could only help customers if they made contact. We already had good links with the local advice agencies and work closely with the council's existing welfare rights team (we have been combined within one service for some time now), but this was only of use if customers contacted us. It has also long been our perception that customers tell us what they think we want to hear rather than being open and honest.

Like all enforcement remedies, EAs work best when they are given cases that are appropriate to them and not used as a 'dumping ground'.

Therefore, we quickly concluded that the long standing 'sausage machine' of a recovery process needed amending. We had an efficient system of producing reminders, finals, summonses and obtaining liability orders and, though we would split off potential attachment and deduction cases, it was still very much the case that if no contact was made, then the case would end up at the enforcement agents (EAs).

That is not to say that sending cases to EAs is wrong; quite the contrary – they play a vital role in collecting Council Tax and thereby funding the critical services that Walsall provide. However, like all enforcement remedies, EAs work best when they are given cases that are appropriate to them and not used as a 'dumping ground'.

Our overall collection, we believe, is good when you consider the makeup of the borough; we had a minimum CTR payment of 25% for 2015/16 and 2016/17 raising to 30% from 2017/18 onwards. At the end of December 2019, we had collected 98.2% of the total original debt for 2015/16, 97.8% for 16/17, 97.3% for 17/18 and 96.4% for 18/19.

However, the work with our Housing and Welfare colleagues did show us that vulnerability was a real and increasing issue and we couldn't carry on with the 'sausage machine' process.

As I said earlier, we felt that we already had good processes for dealing with customer's difficulties and all the staff had been empowered to do what was best for both the customer and authority alike. Yes, getting any arrears cleared before the 31st March so that they start afresh in the new financial year is ideal, but that is not

always possible. Pushing for arrangements to be paid by the end of March would just result in the arrangement being broken and the customer getting further in debt, with months lost when we could have been getting payments. That's not to say that customers do not have any responsibility – they do; and we are not here just to let them carry on with the lifestyle they are living (as is the situation in some cases) and not pay their share. However, the difficulty was getting customers to make contact with us to discuss their case so that we could help them.

Discussions took place with Ascendant Solutions to see what was possible and after an initial successful trial with some debts being prepared for write offs, it was decided that we would make the changes to our enforcement process.

Once we have obtained the liability order, that is where we have changed our process, by then doing an automated financial assessment on them; this assessment then determines the tone and content of the letters issued to the customers, informing them of the granting of the order. With the help of our supplier, we now put

these customers into three groups: those who appear financially stable; those that appear to be paying non-priority debts; and those who are in financial hardship and potentially vulnerable.

We have compared the effectiveness of these new letters, by continuing to issue our original letters to some customers and the results have been very promising. Since we made the change, the percentage of customers who have either paid in full or made an arrangement on getting the new letters, is 29% compared to 18% of those who received the original letter, i.e. an increase of 11%. In the latest batch of cases, that difference has increased to 14%.

On top of the change in letters, the staff have all received fresh training on vulnerability and on the FCA guidelines surrounding priority and non-priority debt, so that they are in a better position to advise and take the appropriate actions.

The next stage of the process, that we are developing, is the ability to make contact with non-priority creditors, to help the customer to deal with their priority debts.

So, in summary Ascendant Solutions has created a real-time bespoke solution through significant advances in data sourcing and analytics to understand customers in much greater depth than ever before. With this insight, you can ensure customers are being treated fairly, in line with what the data is saying and not the single route of old. The correct level of support can be put in place before the customer becomes financially distressed.

The right Ethical Customer Journey is using the right recovery process for their circumstances.

Darren Kelk, Managing Director of Ascendant Solutions said: "The tools are out there and they work! Before contacting every customer in the 'sausage machine' approach use data to answer 4 out of 5 open questions:

WHO? – Is the customer paying instead of paying their Council Tax? Non-priority debt?

WHAT? – Level of debt, arrears, commitments, CCJs, Insolvency history does this customer have?

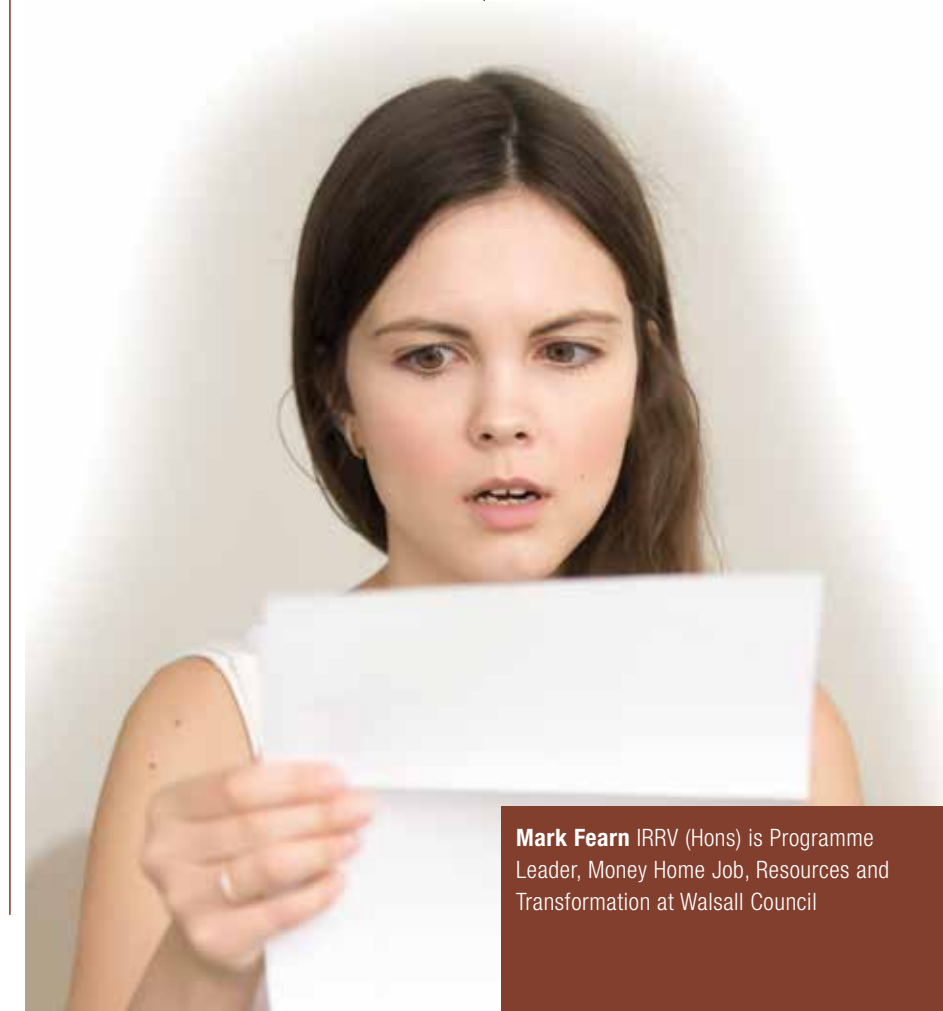
WHERE? – Has this customer got available funds? Where is the customer using debt and credit to get by? (Peter to pay Paul)

WHEN? – Did the customer apply for credit, stop paying creditors?

Finally the **WHY?**... well, with 4/5 questions answered autonomously you now have a better chance of engaging with this customer to hear from them directly **why** they have not paid their

Council Tax and work towards **how** you can help them get back on track.

Council Tax collection is not broken, the collections rates are second to none, and it just needs reshaping or reengineering to address the financially vulnerable citizens. Working with the data available to assess who falls into this category, delivering new and improved letter strategies to create a tailored approach increases responses, which is clear from the results at Walsall, engagement is increasing which is giving staff the opportunity to work with the customer, resolving issues and putting the customer at ease."



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