

Using Data Science and Behavioural Science to do Proactive Debt Outreach in ComSol

LGA case study

December 2021

Barking & Dagenham

one borough; one community; no one left behind

Summary

- In February this year we made **proactive calls to residents** at summons stage for Council Tax arrears to see if they could make a payment or needed support.
- This **increased the numbers of payment plans** set up and residents **appreciated the approach**.
- This work suggests that proactive outreach can be a **better way of engaging residents and can be good value for money**.
- We are now running a **further pilot** in order to build the approach into business as usual.

We wanted to test proactive outreach to people in Council Tax debt

Situation

- During 2020 statutory Council Tax recovery was paused.
- Resumed in early 2021 but many residents were behind with their Council Tax.

Behavioural hypothesis

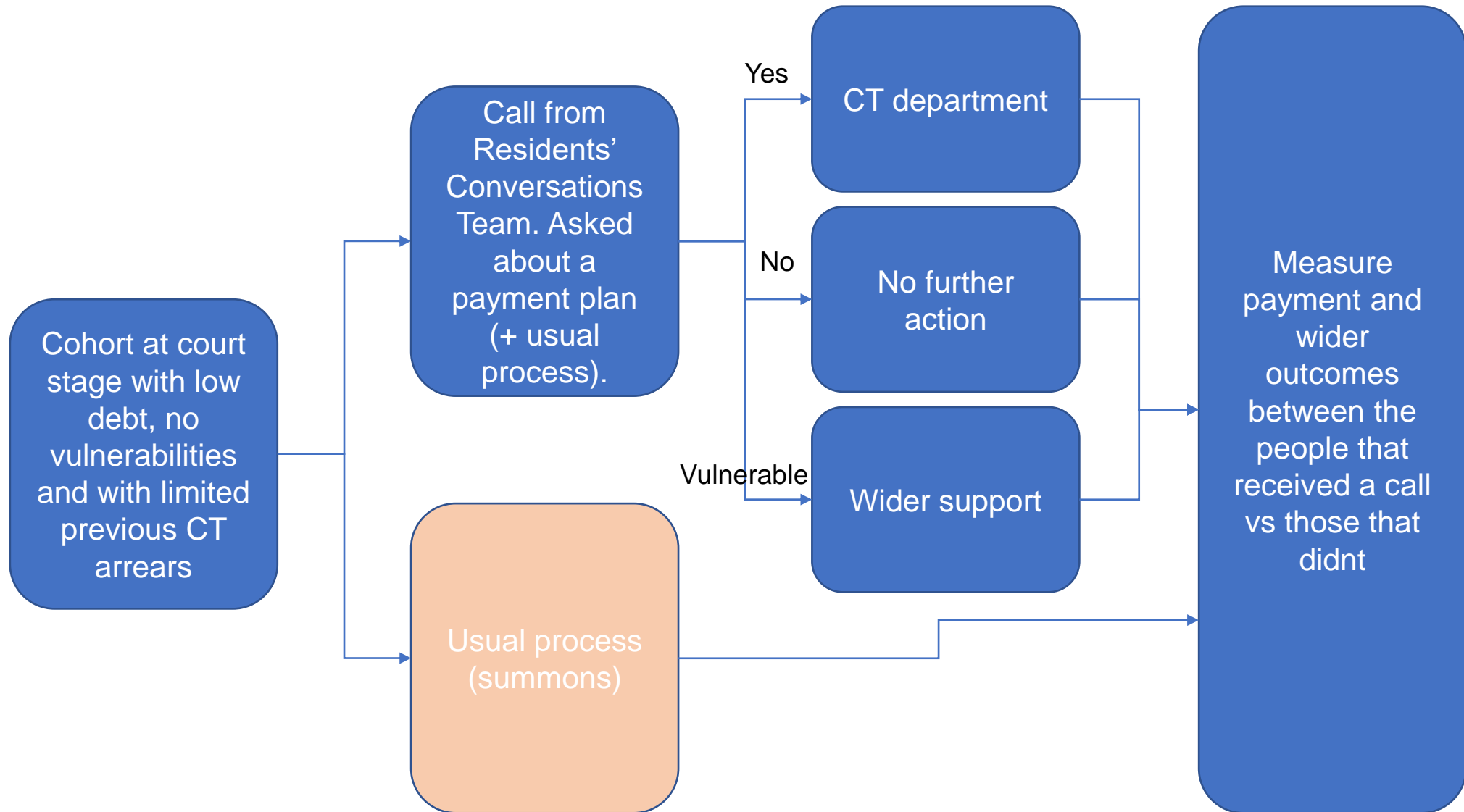
- Group of people with low debts who haven't been in arrears before that are ignoring arrears even though engaging with the Council could avoid court and enforcement.
- Would a friendly call make a difference to payment behaviour?

New Approach

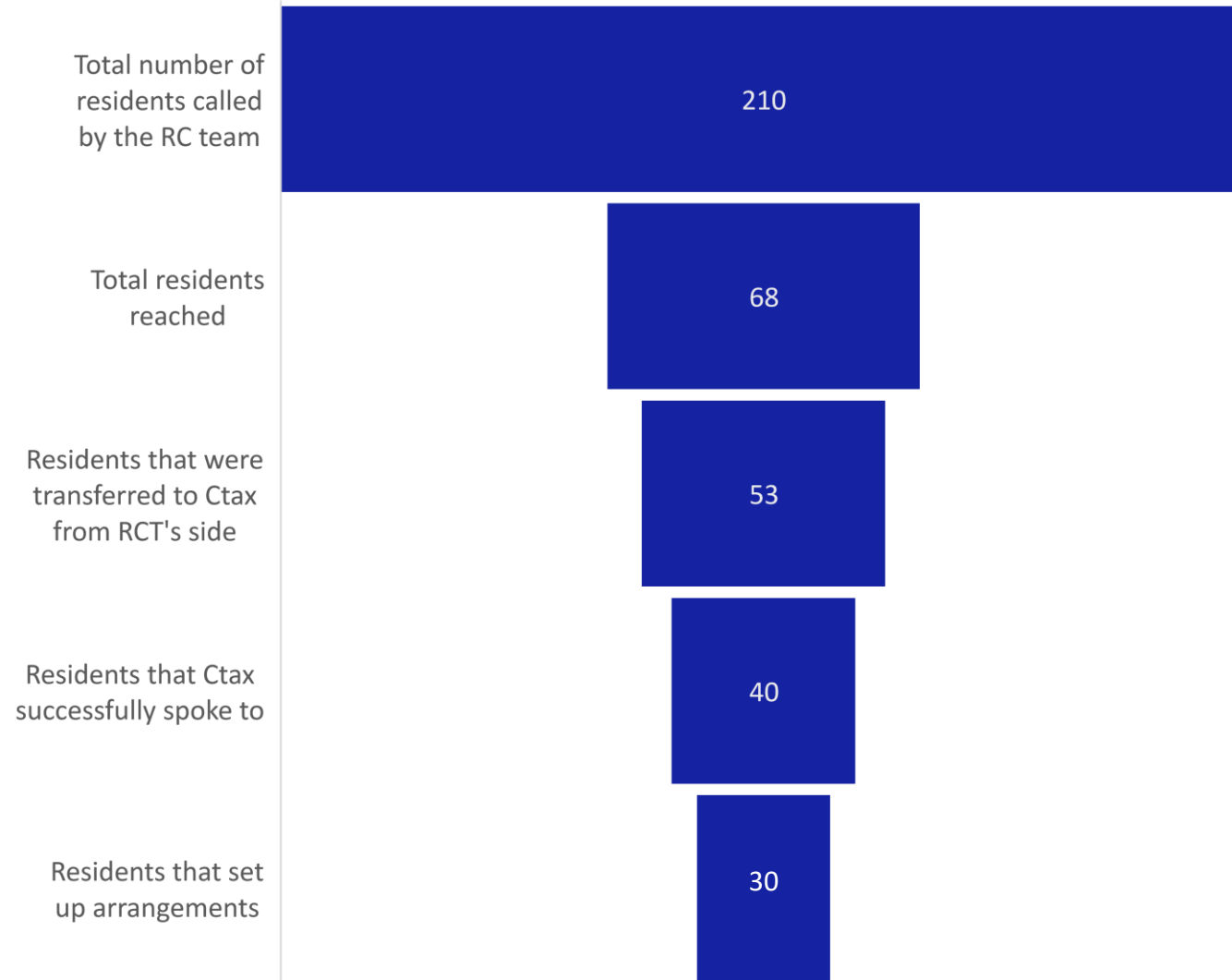
Does a proactive call:

1. encourage people that can set up a payment plan to do so?
2. improve engagement with residents that can't pay, and can we signpost them towards the right support?
3. avoid costly recovery processes for residents?

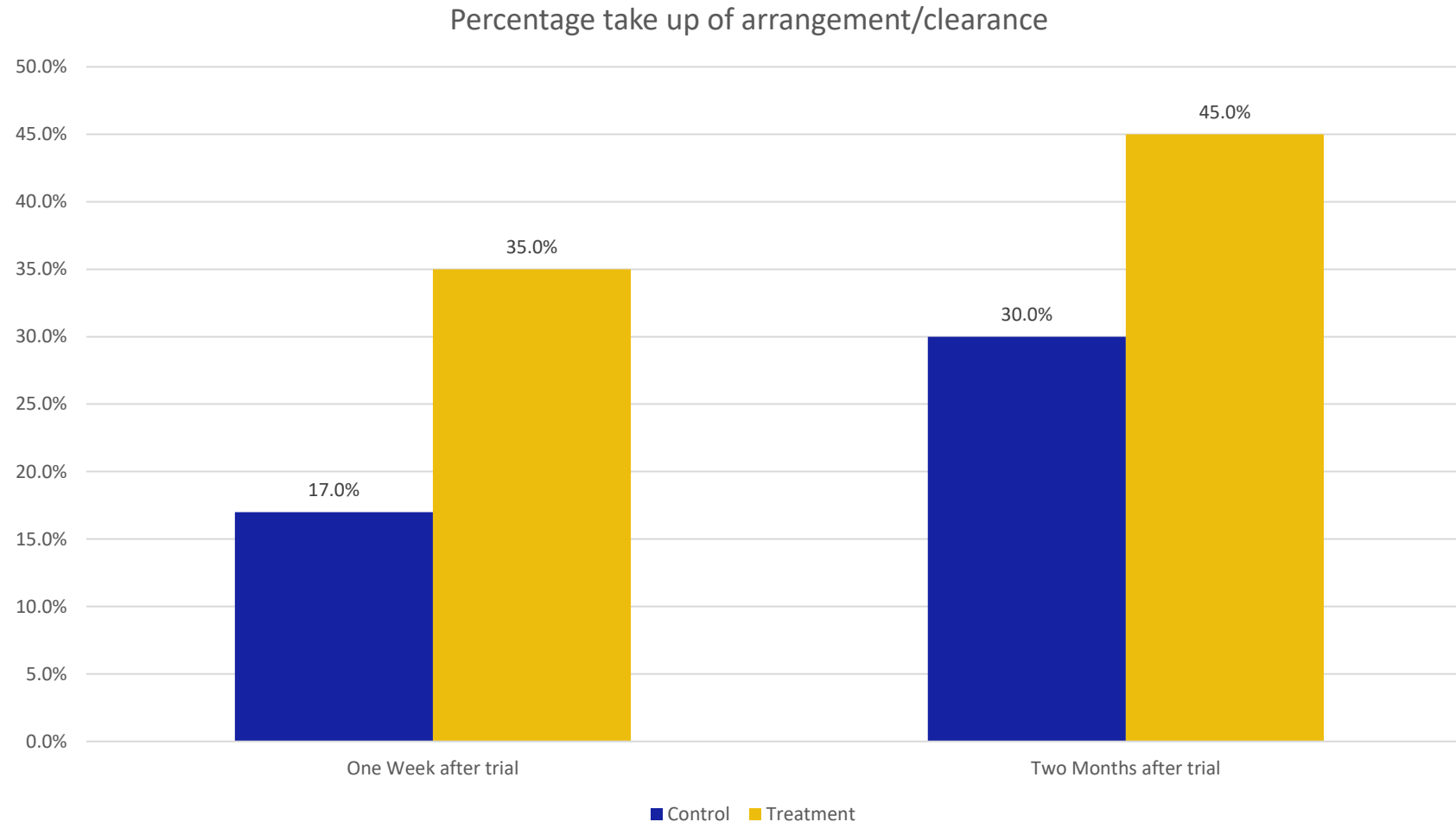
The approach to proactive calls



We reached 32% of those called and 14% set up a payment plan (on the day)



The people we called were significantly more likely to set up a payment plan or pay off their debt than those we didn't



*Note that this graph shows only people that received a summons. Not all residents that were due a summons received one as the numbers were so high that summons letters were staggered. However, we did still call people that didn't receive a summons. These people are excluded from this graph as we cannot access data on residents that didn't receive a summons.

Costs of the outbound calls cost in the region of £1.3k in staff time

	Volume	Duration (mins, staff estimates)	Unit cost (£)	Total cost (£)
RCT calls not answered	322	2	0.7	215
RCT calls answered	68	20	6.7	453
Ctax team calls	40	50	16.7	667
Total cost				1,335

Intervention doubles rate of payment plans being set up, generating ~£20-30k in this trial

	Residents	Total debt pre-pilot (£000s)	Value of arrangements made (£000s)	Value of arrangements relative to total debt
Group that received a call	137	173	60	35%
Group that did not receive a call	70	89	14	16%

- Intervention doubles value of arrangements from 16% to 35%
- This suggests that £30k of the £60k of arrangements in the treatment group is the result of the intervention
- However, we do not know what the default rate for these arrangements would be.
- Assuming a 30% default rate, the trial would still generate £20k of additional arrangements

People that received a call were less likely to go to court and require enforcement and therefore avoided associated costs

Recovery_stage	Group that did not receive a call	Group that did receive a call
14 Day Letter	15.5%	7.1%
Arrangement	14.1%	35.7%
Attachment of Benefits	1.4%	0.7%
Attachment of Earnings	2.8%	1.4%
Bailiff	46.5%	36.4%
cleared	15.5%	9.3%
Liability Order	2.8%	5.7%
Return - Deceased	0.0%	0.7%
UC AOB Pending	1.4%	2.9%
number_accounts	71	140

- Court costs add roughly 10% to the debt while going through all stages of a bailiff process adds another 10%

However, the group that did not receive a call were more likely to pay their debt off in full, once passed court stage

Recovery_stage	Control (did not receive call)	Treatment (did receive call)
14 Day Letter	15.5%	7.1%
Arrangement	14.1%	35.7%
Attachment of Benefits	1.4%	0.7%
Attachment of Earnings	2.8%	1.4%
Bailiff	46.5%	36.4%
cleared	15.5%	9.3%
Liability Order	2.8%	5.7%
Return - Deceased	0.0%	0.7%
UC AOB Pending	1.4%	2.9%
number_accounts	71	140

This suggests the approach delivered value for money and improved the service for residents although court brings money in quicker

1. Proactive calls mean getting through to residents and increasing numbers making payment arrangements.
2. Calls show good value for money with value of arrangements ten times the cost of intervention (even assuming a significant default rate of 30%).
3. Many residents appreciated this approach and some avoided unnecessary court and enforcement costs as a result.
4. However, the business as usual approach does lead to higher levels of clearances of debts at court stage. It would be interesting to know if this is sustainable (e.g. a small number of these payments were made by credit card/high interest short term borrowing) and whether we can split groups based on which approach is best for them.

We are learning the lessons from the pilot as we build this into business as usual

1. Involvement of a third party team added complexity

- Residents were sometimes confused why the Resident Conversations Team was calling them about Council Tax.
- Didn't have enough CT officers in pilot. This meant that some people who were put through to CT team didn't get through. We lost 25% (13) of the people that said they would like to be put through because of this.

2. Who should get this and when?

- For a relatively intensive intervention we should target residents in greater need
- We should engage with residents before summons stage if we can see they need support
- We should offer support beyond setting up a payment plan where a resident needs it (e.g. debt/housing advice)

3. Reduce the intensity of intervention for people that don't want to engage

- Experiment with lighter touch engagement methods
- If we didn't reach people the first time we were less likely to reach them the second and third time. Some people didn't want to be called by the Council

Our current work builds on these lessons and in the long term we would like to build this into business as usual

1. We have now launched the next phase of this work with a view to building it into business as usual.
2. **Our second pilot:**
 - a) targets higher risk residents and those who are more likely to benefit from support (multiple debts + a risk factor)
 - b) includes residents with rent arrears
 - c) builds in a wider set of support including debt and housing advice
 - d) removes the third party team and the relevant teams will contact residents directly
 - e) tests the effect of a text messages and emails against a call



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Dagenham**

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