

ARREARS COLLECTIONS

The Behaviouralist working with the London Borough of Enfield

Applying Behavioural Science (Nudging) to council tax arrears

"I was a [nudging] skeptic but am now a convert!"

As a council we read and applied MINDSPACE and nudging to our Council Tax arrears communications so believed we had an effective reminder.

However, working with The Behaviouralist we were able to achieve two outcomes.

Firstly, we increased payments by a significant amount.

Secondly, we implemented a Randomised Control Trial approach to testing our communications.

This will be invaluable in helping us target and improve our communications for residents going forward - increasing arrears payments and could be used across other services."

Geoff Waterton - Head of Service - Assessment and collection services - Finance,
Resources and Customer Services - Enfield Council

The Behaviouralist worked with the London Borough of Enfield (LBE) in 2017 to:

- deliver over £600k in accelerated revenue
- embed an evidence led communications evaluation process

The Problem:

Late and non-payment of council tax impacts the ability of councils to deliver crucial front-line services. For LBE every 1% of households who don't pay their taxes represents £1.4 million in lost revenue. There are also additional costs in pursuing late payments (printing and postage, staff time, legal costs) therefore ensuring households pay their council tax is a priority.



Action:

The Behaviouralist worked with LBE to conduct a field experiment with ~17,400 households who were in council tax arrears. We adjusted the design and copy of the Council Tax letters based on cutting edge insights (nudging) from behavioural science. Three versions of the arrears notices were developed; applying three heuristics or biases to the copy: social norms; omission commission and a message encouraging direct debit payment.

We tested these letters against the pre-existing letters using a Randomised Control Trial (RCT) research design. RCTs are the gold standard of evaluation, providing precise figures on impact and uplift (ROI), and are the method used in clinical medical trials.

The Behaviouralist worked with and trained LBE staff to adopt the RCT process – providing a working example and ensuring this approach was embedded going forward.

Results:

During the trial the adjusted letters generated an additional £135k in accelerated revenue versus the pre-existing (control) letters. These results were statistically significant. Adopting the best letters over the year would conservatively deliver in excess of £600k.

Additional analysis provided insight into how different demographics responded to different frames – providing actionable insight to target and improve communications in the future.

For further information contact:

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