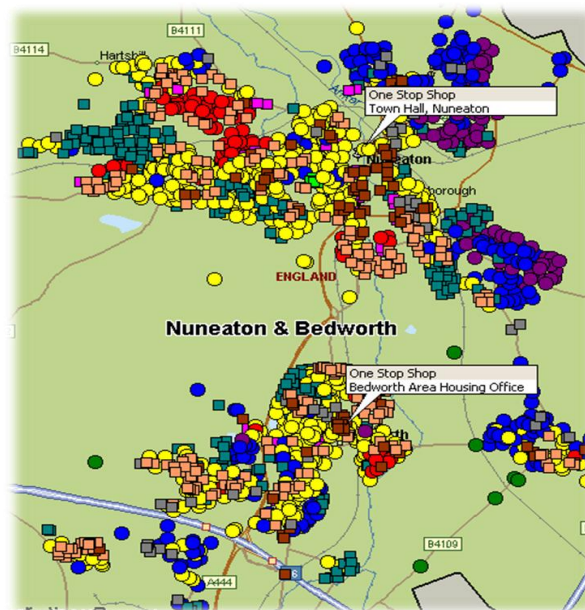




Customer profiling Project - Case Study

Analysis of the payment methods used to collect council tax and rental income

Map showing the postcodes where payments for council tax were made using cash at the borough's one stop shops



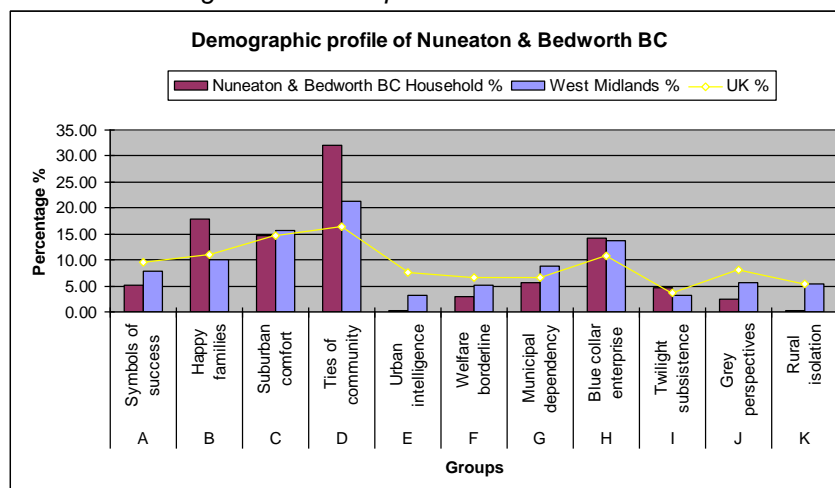
Nuneaton & Bedworth Borough Council



Nuneaton & Bedworth Case Study

Mosaic is a geo-demographic classification system; it allocates households in the United Kingdom into one of 11 socio-economic groups. Nuneaton and Bedworth is a District Council in the West Midlands, In 2008 Experian Mosaic estimated that there were almost 51,000 households in the District. The largest Mosaic group being group D, which consists of close knit communities who tend to be settled, own their homes and hold down semi-skilled jobs. They represent over 30% (16,278) of the households in the borough. Group B, young progressive families living in newly built homes are the next highest group and are significantly overrepresented in comparison to the UK and households in the West Midlands region. They represent nearly 18% of Nuneaton & Bedworth's households. Groups, E, educated young people and group K, people living in rural isolation, are the most underrepresented groups in comparison to national and regional averages.

Nuneaton & Bedworth's Borough Council's Experian Mosaic Profiles



Mosaic Profile Group Summary Descriptions

Group	Description	Nuneaton & Bedworth BC Household %	Nuneaton & Bedworth BC Households	West Midlands %	UK%
A	Career Professionals living in sought after locations	5.06	2,565	7.72	9.60
B	Younger families living in newer homes	17.83	9,046	10.09	10.92
C	Older families living in suburbia	14.58	7,396	15.58	14.57
D	Close knit inner city and manufacturing town communities	32.09	16,278	21.40	16.51
E	Educated young singles living in areas of transient populations	0.31	155	3.19	7.55
F	People living in social housing with uncertain employment in deprived areas	2.85	1,448	5.20	6.52
G	Low income families living in estate based social housing	5.58	2,832	8.85	6.52
H	Upwardly mobile families living in homes bought from social landlords	14.23	7,218	13.69	10.75
I	Older people living in social housing with high care needs	4.70	2,385	3.30	3.68
J	Independent older people with relatively active life styles	2.53	1,285	5.52	8.00
K	People living in rural areas far from urbanisation	0.25	125	5.47	5.36



Socio-economic profile groups sometimes exhibit attitudes and patterns of behaviour that are common to other profile groups especially in relation to the way they access services. Profile families link together high level profile group characteristics that describe the type of relationship the group is likely to have with the council. The table below shows the composition of profile families. See the main report for further explanation. The colours used to represent profile groups and families are used consistently through-out this case study.

Table showing the make-up of profile families

Family	Profile Family Name	Group	Profile Group Name
X	Striving	F	Welfare borderline
		G	Municipal dependency
		I	Twilight subsistence
Y	Aspiring or Surviving	D	Ties of community
		E	Urban Intelligence
		H	Blue collar enterprise
		J	Grey perspectives
Z	Thriving	A	Symbols of success
		B	Happy families
		C	Suburban comfort
Rural	Mixture of thriving, aspiring, surviving & striving	K	Rural Isolation

Profile 'family' attributes provide a useful high level indication of 'the families' relationship with the council in terms of their financial status, the bundles of services they are likely to use, the frequency with which they contact the council and their attitudes to using different access channels. They are a useful high level guide to conceptualising the current state of play and for service planning.

Channel Shift

The availability of data where the service type, the transaction date, postcode of the customer, the access channel used and the cost for each transaction are known, enabled the analysis of customer behaviour in relation to efficiency savings and identifying avoidable contact. The tables below provide a summary of how Nuneaton & Bedworth's residents made payment for housing rent and council tax over a defined period. Transaction volumes for each access channel, profile group and profile family are given in the two tables below.

Table showing service take-up by access channel and profile group

Mosaic Profile Group		Access Channel					Total Transactions
		Direct debit	Face to face	Other electronic media	Post	Telephone	
A	Symbols of success	17,962	1,903	1,354	289	303	21,811
B	Happy families	51,267	9,773	11,187	1,228	2,481	75,936
C	Suburban comfort	43,870	8,941	8,318	733	950	62,812
D	Ties of community	70,463	34,867	26,762	2,482	3,930	138,504
E	Urban intelligence	671	242	243	28	32	1,216
F	Welfare borderline	2,670	8,917	4,973	235	291	17,086
G	Municipal dependency	5,513	15,496	11,620	508	660	33,797
H	Blue collar enterprise	23,808	26,546	18,945	1,110	1,913	72,322
I	Twilight subsistence	5,656	11,303	8,962	187	249	26,357
J	Grey perspectives	5,878	1,574	1,711	97	197	9,457
K	Rural isolation	795	138	157	33	42	1,165
Total		228,553	119,700	94,232	6,930	11,048	460,463



Overall 70% of payments were collected via direct debit and other electronic media. For groups A, B and C and the rurally isolated over 80% of transactions were collected in this way, for groups who tend to struggle more, financially F, G and I the average for direct debit & other electronic media is circa 50%.

When transaction volumes are arranged into profile families, clear channel preferences emerge. The striving profile family prefer to pay face-to-face (35,716, 46% of transactions) but their take-up of other electronic media transactions is also relatively high in comparison to other profile families at 33%, 12% higher than any other group. The surviving and aspiring profile family are more likely to pay via direct debit than any other payment channel (45%) but they are also comfortable with face-to-face (28%) and other electronic media payments, (21%). Whilst for the thriving family direct debit was the payment method of preference (70%).

Table showing service take-up by access channel and profile family

Profile Family	Profile Family Description	Direct Debit Transactions		Face to Face Transactions		Other Electronic Media Transactions		Telephone Transactions		Post Transactions		Household %
		Vol	%	Vol	%	Vol	%	Vol	%	Vol	%	
X	Striving	13,839	17.92	35,716	46.24	25,555	33.09	1,200	1.55	930	1.20	13.14
Y	Surviving / Aspiring	100,820	45.52	63,229	28.55	47,661	21.52	6,072	2.74	3,717	1.68	49.15
Z	Thriving	113,099	70.44	20,617	12.84	20,859	12.99	3,734	2.33	2,250	1.40	37.46
Rural	Rural Isolation	795	68.24	138	11.85	157	13.48	42	3.61	33	2.83	0.25
Total		228,553	49.64	119,700	26.00	94,232	20.46	11,048	2.40	6,930	1.51	100

The employee and processing costs for face to face transactions per annum is estimated to be £0.93p per transaction, which works out to an annual cost of £111,321 per annum. This was almost twice the cost of the most expensive alternative collection method.

Table showing the volume, percent, cost and potential savings for each Mosaic Group

A		B	C	D	E	F	G
Group name		Total volume of all revenue collection transactions	Volume of Face to face Transactions	% of transactions which are face to face	Cost of face to face transactions	Projected cost of the cheapest alternative	Potential cost difference per annum between (e) and (f)
A	Symbols of success	21,811	1,903	8.72	£1,770	£381	-£1,389
B	Happy families	75,936	9,773	12.87	£9,089	£1,955	-£7,134
C	Suburban comfort	62,812	8,941	14.23	£8,315	£1,788	-£6,527
D	Ties of community	138,504	34,867	25.17	£32,426	£6,973	-£25,453
E	Urban intelligence	1,216	242	19.90	£225	£48	-£177
F	Welfare borderline	17,086	8,917	52.19	£8,293	£1,783	-£6,509
G	Municipal dependency	33,797	15,496	45.85	£14,411	£3,099	-£11,312
H	Blue collar enterprise	72,322	26,546	36.71	£24,688	£5,309	-£19,379
I	Twilight subsistence	26,357	11,303	42.88	£10,512	£2,261	-£8,251
J	Grey perspectives	9,457	1,574	16.64	£1,464	£315	-£1,149
K	Rural isolation	1,165	138	11.85	£128	£28	-£101
Total		460,463	119,700	26.00	£111,321	£23,940	-£87,381



Savings Realised

The information contained in the main report was used to inform the decision to close the cash offices.

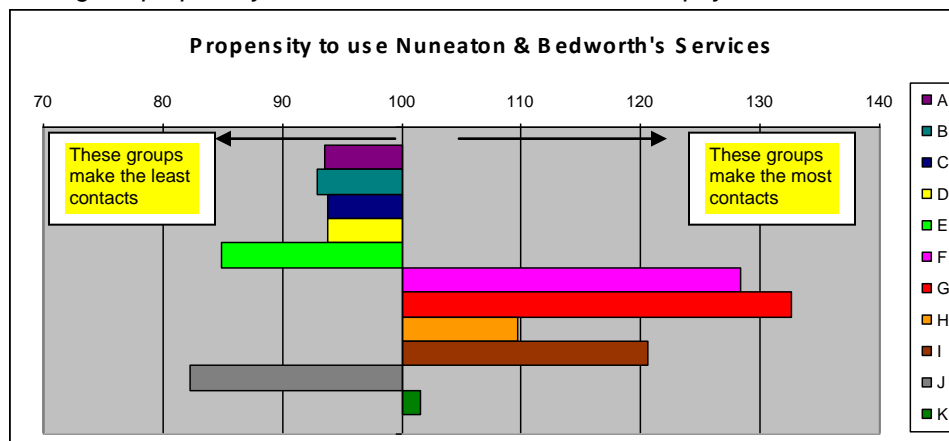
The annual savings realised as a result of closing the cash offices on 30-Sept-09 is in the region of £112,000 per annum, after taking into account the cost of transferring face-to-face transactions to alternative channels and the cost of Securicor money handling services. In addition to this, the accommodation occupied by the cash office is now rented to a partner agency for £25,000 per annum.

Avoidable Contact

Profile groups F, G, H and I choose face to face as the primary channel through which to pay for council tax services. Profile groups A, B, C, J and K are least likely to pay for services in this way.

Therefore group F, people living in social housing with uncertain employment prospects, group G, low income families living in large social housing estates, group H, upwardly mobile families living in homes bought from social landlords and group I, older people living in social housing with high care needs, contact the council most frequently to pay for services. Group G make over 1.3 times more contacts, than one would expect given the proportion of the households that they represent.

Graph showing the propensity to contact the council in relation to payment services



Further subdividing the 11 Mosaic profile groups into 61 profile types allows the Council to work out how best to communicate with each profile type.

The Mosaic profile types who proportionally make contact most frequently in relation to rent and council tax payments, together with the communication channels each type is most receptive to and a map showing the areas where predominate profile groups live provides the intelligence required to ensure that poster campaigns and attitudinal surveys are designed to suit the audience and targeted at where they live and where they are most likely to congregate.



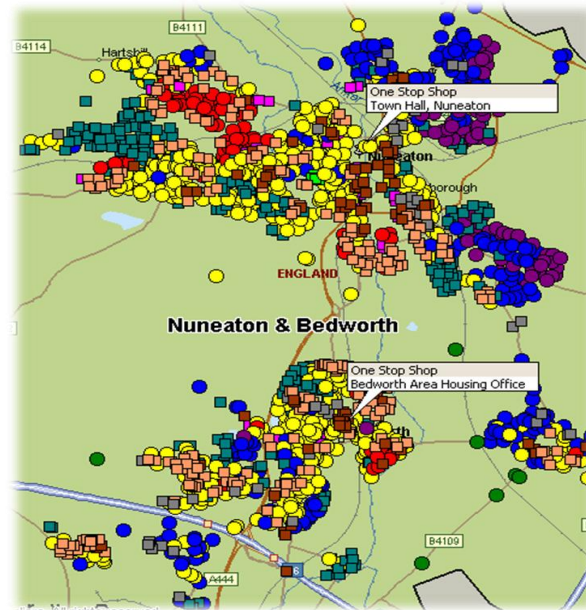
Customer Profiling Project



Table showing the profile types who proportionally make the most contact with the Council together with suggested communications methods

Mosaic Profile Type		% of house holds	Total volume of Transactions	Transaction %	Propensity to access services	Main Communication Method
F37	Upper floor families	1.33	4,660	1.79	135	Newspapers
F39	Dignified dependency	1.53	5,329	1.87	122	Newspapers
G41	Families on benefits	1.25	4,862	1.76	141	Posters
G42	Low horizons	2.93	10,782	3.87	132	Tele-marketing
G43	Ex-industrial legacy	1.4	4,779	1.76	126	Tele-marketing
H44	Rustbelt resilience	5.91	23,948	6.79	115	Tele-marketing
H45	Older right to buy	3.69	14,271	3.75	101	Tele-marketing
H46	White van culture	0.21	709	0.20	95	All methods
H47	New town materialism	4.42	17,616	4.87	110	All methods
I48	Old people in flats	1.54	3,446	1.84	120	News- papers
I49	Low income elderly	1.21	4,236	1.14	94	All methods
I50	Cared for pensioners	1.95	4,197	2.69	138	Care/Social workers
Total		27.37	98,835	32.33		-

Map showing the postcodes where predominate profile groups live





Summary

Channel Shift

Nuneaton & Bedworth realised £112,000 in cashable savings. There are access channels that some profile groups are more likely to use, the striving profile family for example show a preference for face-to-face, cash transactions. Fortunately this does not mean that council's have to retain their cashier functions because there are 'other electronic' options where customers can pay using cash and the council receives the revenue at a fraction of the cost. 33% of the striving profile families transaction are made via 'other electronic' channels. The surviving and aspiring profile family are also open to 'other electronic' channels nearly 22% of their payment transaction were received in this way.

Customers who currently use the cashier's service to make payments are also very likely to use other cash electronic payment methods.

The access channel preferences evidenced by analysis of transactions by profile group and type and documented in the main report is summed up in the table below.

Table showing access channel attitudes by profile family

Profile Family		Attitude to paying:			
		by Direct Debit	with cash	via Girobank & other media	on-line
X	Striving	☹️	😊	😊	☹️
Y	Surviving / Aspiring	😊	😊	😊	😊
Z	Thriving	😊	☹️	☹️	😊
XYZ	Rural Isolation	😊	☹️	☹️	😊

Key	
Propensity to use the selected access channel	Symbol
Profile family is most likely to use this channel to pay for services	😊
Profile family is open to using this access channel to make payment	😊
Profile family is open to this channel but service take up is not high.*	😊
Profile family is unlikely to use this channel in great numbers.	☹️

Targeted marketing can be used to encourage channel shift

Avoidable contact

This study identified potential household types where the numbers of contacts were higher in comparison to others. The reasons behind increased contact levels for these groups were beyond the scope of the project. However one of the issues that paying rent and council tax via 'other electronic' access channels will not solve is the checking of account balances. If households pay for services via automated mechanisms and then visit the council to check their balances the objective to reduce avoidable contact would be defeated. Cost efficient, easy to use and speedy access to account balances should therefore be a requirement of any change proposal.

This Report

Produced by Aston Campbell Associates in Association with the esd-toolkit

Jacqui McNish
07983 477 944
Jacqui.mcnish@astoncampbell.co.uk
www.astoncampbell.co.uk