

PART 1 - PUBLIC

Decision Maker: **Resources Portfolio Holder**

Date: **for pre-decision scrutiny by Executive and Resources PDS Committee
25 January 2012**

Decision Type: Non-Urgent Executive Key

**TITLE: OUTSOURCING THE CENTRAL INCOME TEAM AND
HOUSING ACCOMMODATION CHARGES TEAM**

Contact Officer: Lesley Moore, Deputy Finance Director
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Chief Officer: Mark Bowen, Director of Resources

Ward: N/A

1. Reason for report

As part of the 2012/13 Budget process all areas of expenditure have been scrutinised by officers with a view to delivering services in a more efficient and effective way. This has included looking at the option of outsourcing services where appropriate

2. **RECOMMENDATION(S)**

2.1 **The Resources Portfolio Holder is asked to**

- a) **Agree the transfer of the Central Income Team and Housing Accommodation Charges function to Liberata which will generate savings of £46,000 p.a.**
- b) **Support the approach that changes to the Council's debt recovery, with a more streamlined and proactive approach, will improve our overall cash collection over a 2/3 years period.**

Corporate Policy

N/A

Financial

1. Estimated cost Guarenteed savings of £46,000, plus esti £100,000
 2. Recurring cost
 3. Budget head Exchequer - Central Income and Housing Accommodation Charges
 4. Total budget for this head £240k
-

Staff

1. Number of staff (current and additional) – 8 ftes
 2. If from existing staff resources, number of staff hours -
-

Legal

1. No statutory requirement or Government guidance
 2. Call-in is applicable
-

Customer Impact

Estimated number of users/beneficiaries (current and projected) - N/A

3. COMMENTARY

- 3.1 The Council continues to face a period of unprecedented reductions in public funding, and over the next four years will need to identify savings in the region of £45 million to balance the revenue budget.
- 3.2 As part of the budget process all areas of expenditure have been scrutinised by officers with a view to delivering services in a more efficient and effective way, which has included looking at the option of outsourcing services where appropriate.
- 3.3 One of the areas that have been considered for outsourcing is elements of the Exchequer Team. The Exchequer Team is primarily responsible for payment of invoices and collection of income across all council services. The total team comprises of 53 staff (46.31ftes) that deal with general payments, payments made through management information systems such as Confirm and Care First, general income, rent income, visiting officers & financial assessment staff. Given the size of the team, and some of the complex areas of work that the team covers, mainly around social care, it was decided that outsourcing should focus on areas which are low risk with the potential to deliver improvements in service and ongoing revenue savings. For this reason officers commissioned Liberata to undertake a Health Check on the Central Income Team and the Housing Accommodation Team, although other areas will be reviewed over the forthcoming year.

Central Income Team

- 3.4 The central income team consists of 4 staff who are responsible for raising debtor invoices across all council services such as rechargeable works for Environmental services, hire of skips, licenses for premises, trade waste, recharges to the PCT and other local authorities. The manager of the team also provides support to the HAC team. Once officers have raised the debtor invoices, responsibility moves to Liberata who are responsible for recovery of these debts, this will include any direct contact with our customers via chase up telephone calls and queries that they may have. Liberata will also liaise with the central income team around any disputed debts and eventually refer cases to debt collection agencies once the dunning processes have all been exhausted. They are also responsible for taking the necessary action around court proceedings where relevant. The only exception to this is with trade waste where responsibility for debt recovery sits with the council.
- 3.5 Alongside this team, there is 1 member of staff dealing with debts due from ACS service users receiving domiciliary care, respite or residential care. Due to the nature of the debt these are often complicated cases and require additional communication and investigation before they are referred to Liberata for legal action.

Housing Accommodation Charges Team (HAC)

- 3.6 The manager of the Central Income Team is also responsible for managing the HAC team and has responsibility for reconciling the rent account system to the council's general ledger. There is a Senior Arrears and Investigation Officer who supervises the 2 Arrears Officers and ensures that rent debits, cash, housing benefits etc are correctly allocated to the tenant's personal account so that the correct arrears are recovered. The Arrears Officers liaise with the clients to recover any outstanding money due, deal with disputes over balances, liaise with homelessness officers around clients and information and recommend eviction or court action where applicable. Clients can often disappear without trace so it is critical that arrears are chased promptly and information held on the clients account is accurate and reliable.

Liberata

- 3.7 Liberata already undertake work on behalf of other councils around the areas which fall within our central income team and as such they have made considerable investment in IT to develop a debt management system and “target operating system” which identifies automatically the various key triggers that staff need to work within to improve debt recovery.
- 3.8 Liberata highlighted a fragmented approach to debt management with the central income team working in isolation, with little or no cross working and limited evidence of knowledge sharing. The small team of four means that overall there is a lack of resilience in the team and if a member of staff is off sick there could be no pro-active recovery or enforcement activity.
- 3.9 The key areas identified by Liberata were around our debt recovery processes and reconciliation work. A more streamlined approach which manages debt on a case basis rather than by individual debts (very often departments chase customers for payment in isolation rather than considering the overall debt) will reduce the number of customer contacts and avoid duplication. The joined up approach will also allow significantly improved knowledge sharing across the council in areas such as change of address, deaths and clients that are no longer traceable.
- 3.10 The council has considered rolling out the Advanced Collection module to Oracle financials, but errors identified in the UAT testing stage (in December 2010) meant this has been put on hold. The benefits of this system would be to provide a notebook facility (history of client) and ability to track adherence to arrangements put in place for paying off arrears etc. Liberata already have an equivalent system that may be suitable or alternatively they will seek to rollout the Advanced Collection module at their own expense.
- 3.11 The lack of overall ownership and accountability in relation to collection of debts also impacts due to the split between Liberata and the council with the council responsible for billing and Liberata for recovery, with the exception of trade waste which sits fully with the council.
- 3.12 Best practice models across local government and the private sector recommend a centralised collection and recovery approach, which allows for greater economies of scale. This reduces the duplication of effort across both organisations.

4. POLICY IMPLICATIONS

- 4.1 Partnership working is key to achieving the Building a Better Bromley 2020 vision and ensuring that service continue to be provide as efficiently and effectively as possible, in light of the financial position facing the council over the next few years.

5. FINANCIAL CONSIDERATIONS

- 5.1 Liberata already provide a number of services on behalf of the council, which includes running our revenues and benefits service, payroll services, council tax collection, income recovery etc.
- 5.2 Liberata have guaranteed the council £46,000 p.a. over the next 5 years which they will generate through streamlining and simplifying operational processes which will allow staff to focus on debt recovery work, so debts are chased earlier and passed to debt collection agencies or legal action is taken at the earliest opportunity.

- 5.3 Liberata are able to do this due to the considerable investment they have made as an organisation in IT around debt recovery, document management system (this provides information on performance and workloads to facilitate management of day to day work) and a more streamlined approach in which debts are managed on a case basis rather than by individual debts (very often departments chase customers for payment in isolation rather than considering the overall debt).
- 5.4 Liberata is confident that over a 2/3 year period they will be able to improve our overall debt recovery, particularly once the debt recovery system is implemented.
- 5.5 It is proposed that the transfer takes place with effect from 1 April 2012.

6. PERSONNEL CONSIDERATIONS

- 6.1 There are eight posts within the combined teams, of which six will TUPE across to Liberata if members agree to the proposals outlined in this report. Two staff are on agency workers temporary contracts so TUPE does not apply to them.
- 6.2 All eight members of the team have been consulted on about the proposals in this report in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). A copy of the document was sent to the staff concerned and staff representatives on the 8th September 2011. Staff were asked to feedback any comments or concerns that had concerning these proposals to the Deputy Director of Finance by the 14th October 2011 so that these could be addressed. The issues raised by staff and response by the Deputy Director are included on Appendix 1.
- 6.3 The TUPE Regulations 2006 will preserve/protect the terms and conditions of these six employees transferring to Liberata, which means that their contracts of employment will remain the same including continuity of service.

7. LEGAL CONSIDERATIONS

- 7.1 The procurement process which led to the appointment of Liberata enabled certain additional services to be included within the contract without the need for competition and the services to be transferred are within that range.
- 7.2 An application by Liberata UK Ltd for an admission agreement under the Local Government Pension Scheme Regulations to enable staff who transfer under TUPE arrangements to participate in the Council's Pension Scheme has previously been agreed.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	[Title of document and date]