

PART 1 - PUBLIC

Decision Maker: Executive & Resources PDS

Date: 7 January 2015

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **SUNDRY DEBTORS AND ACCOUNTS PAYABLE SERVICE
MONITORING REPORT**

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Chief Officer: Peter Turner, Director of Finance

Ward: All

1. Reason for report

- 1.1 This report provides information regarding the performance of the Sundry Debtors and Accounts Payable Services provided by Liberata up to the 30 September 2014. A letter from Amanda Inwood-Field, Liberata's Contract Director, provides an update on each individual service and is attached at Appendix 1 with statistical data relating to the Sundry Debtors and Accounts Payable service shown in subsequent appendices.

2. **RECOMMENDATION(S)**

- 2.1 **The PDS is requested to note the information contained within the report and the letter provided by Liberata detailed in Appendix 1.**

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: 400008
 4. Total current budget for this head: £1.6m
 5. Source of funding:
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Staff

1. Number of staff (current and additional): 2 plus Liberata staff
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The amount of legislation is too extensive to cite in full, below are detailed the major Acts and Regulations covering the services:

Late Payment of Commercial Debts (interest) Act 1998

The County Court Act 1984

Environmental Protection Act 1990

Housing Act 2004

Part 3 of the National Assistance Act 1948

The National Assistance (Assessment of Resources) Regulations 1992. (S.I. 1992/2977

2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect those who owe general income to the Council and all of the Council's suppliers. This could amount to an estimated 40,000 people.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3 COMMENTARY

The Exchequer Team monitors the contract, sets targets and performance standards, liaises with partners, progresses the development and improvement of services through leadership on specific improvement initiatives. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements. A summary of performance by Liberata is contained in Appendix 2.

To maintain the drive for improved service performance, monthly service review meetings are held with operational and senior Liberata management. To further illustrate the commitment to the continuous improvement agenda the Contract Director and Finance Service Delivery Manager at Liberata meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.

3.1 Sundry Debtors

The collection rate for **in-year debt** as at 30th September 2014 was **68.55%** with £10.96m collected against a contractual target of **89%**. The table below shows the collection rate as at 30th September and the 1st March for the last 3 years for comparison.

	2011/12	2012/13	2013/14	2014/15
30 September Performance	73%	76.82%	73.82%	68.55%
End of Year Performance	89.73%	88.74%	73.04%	N/K
End of Year Target	85%	87%	88%	89%

The current year to date collection figure has been affected by a number of factors, detailed below.

- £1.2m of NHS invoices were raised in late September which in previous years were raised in January. These remained outstanding at the end of September as the NHS were unable to process payment within the month. If these invoices had been raised at a similar time as in previous years the collection rate would have been 74.33%.
- The value of invoices outstanding in respect of the Community Infrastructure Levy has increased from £220k in September 2013 to £365k in September 2014. A sum of £178k raised in this period was not due to be collected until later in the year which also distorts the performance. The Community Infrastructure is relatively new and was only introduced in the last two years.
- The level of invoices being disputed by debtors with LB Bromley has increased from £865k as at 30 September 2013 to £1.5m as at 30 September 2014, of which £515k relates to in-year debt.
- 52% of the disputed debt relates to Utility debt and schools. Officers are communicating with the customers in order to resolve the disputes and recover the debt.

Appendix 2 shows the comparison between the level of outstanding debt for each month from 1st April 2013 to 30th September 2013 and 1st April 2014 to 30th September 2014.

Appendix 3 shows the comparison between the number of invoices outstanding for each month from 1st April 2013 to 30th September 2013 and 1st April 2014 to 30th September 2014.

As you can see the number of invoices outstanding is comparable however the value of the debt outstanding as at 30th September has increased.

This financial year there has been an increased focus on the top 100 debtors and regular statements are sent to schools in order to secure payment earlier or enable issues to be resolved promptly.

3.2 Utility Debt

The overall debt outstanding for this period has increased by £514k when compared to the position as at 30th September 2013. There are 3 main debtors Virgin Media, British Telecom and Thames Water. Officers from the service department have been reviewing all outstanding charges with Thames Water and are expecting to have resolved all disputes by the end of December. The new process of agreeing charges prior to issuing the invoices should prevent this level of disputed charges in the future.

Appendix 4 shows a summary of Utility debt as at 30 September 2014.

3.3 Aged Debt as at 30th September 2014

The profile of the total debt outstanding as at 30th September 2013 and 2014 is shown in the table below, along with the % reduction in 2014/15. This is then further broken down to show the status of the debt.

	Sep-13	Sep-14	Reduction
	£,000	£,000	
Pre 2011	1,280	1,114	13%
2011/12	621	420	32%
2012/13	1,180	635	46%
2013/14	4,050	1,662	59%
2014/15	N/A	5,000	N/A
Total	7,131	8,831	-24%

Overall Recovery Position as at 30 September 2014

Outstanding balance and Recovery position of debts raised in the years below						
Fin Year Original debt raised	Pre 2011	11 - 12	12 - 13	13 - 14	14 - 15	Grand Total
Recovery being pursued	£1K	£5K	£28K	£218K	£4,222K	£4,474K
In recovery, paid by instalments	£33K	£21K	£36K	£42K	£153K	£284K
Secured by charge on property	£64K	£98K	£69K	£19K		£250K
Appointee & Deputyship in place	£4K	£35K	£38K	£98K	£18K	£192K
Applying for Power of Attorney				£3K		£3K
Awaiting probate					£13K	£13K
Standing probate search in place	£133K	£26K	£63K	£128K	£5K	£355K
Probate granted - recovery being pursued	£1K	£15K	£6K			£22K
Vol contribution/sponsorship				£1K		£1K
With LBB for instructions	£118K	£54K	£49K	£11K	£13K	£245K
Pre debt collector checks	£93K	£8K	£5K	£53K	£14K	£174K
With debt collector	£27K	£14K	£41K	£77K	£18K	£178K
Pre legal action review	£2K	£3K	£2K	£2K		£9K
Applying for County Court Claim	£59K	£14K	£35K	£8K	£4K	£120K
Judgement obtained - Attachment of earnings	£8K					£8K
Judgement obtained - Charging Order		£1K	£5K	£1K		£7K
Judgement obtained - Enforcement options in review	£109K	£17K	£46K	£49K	£4K	£225K
Judgement obtained - Order of Information	£79K	£5K	£6K			£90K
Judgement obtained - Payment arrangement	£3K		£4K			£7K
High Court enforcement	£17K					£17K
With LBB legal dept for instructions		£5K	£3K	£4K		£12K
Awaiting cancellation	£1K		£5K	£12K	£4K	£22K
Recommended for write off	£300K	£57K	£55K	£75K	£8K	£495K
In dispute, with LBB service departments	£21K	£6K	£112K	£850K	£516K	£1,505K
Admin penalty - cannot be recovered until HB and/or CTB overpayment is paid	£43K	£38K	£25K	£7K		£112K
Premises Licences - no reminders required			£1K	£3K	£7K	£11K
Grand Total	£1,114K	£420K	£635K	£1,662K	£5,000K	£8,831K

3.4 Invoicing/Income

The Income Team raised 8,593 sundry invoices with a value of £16.71m from 1st April 2014 to 30 September 2014. Of these 774 invoices, with a value of £1.03m, were subsequently cancelled.

Appendix 5 shows the value of invoices raised month by month for the period from 1st April 2014 to 30 September 2014 compared to the same period the previous year.

Appendix 6 shows the number of invoices raised month by month for the period from 1st April 2014 to 30 September 2014 compared to the same period the previous year.

3.5 Trade Waste

The outstanding debt on Trade Waste as at 30th September 2014 was £623k.

Analysis of Trade Balance	
Under 30 days	£3k
Invoices 31 to 365 days old	£82k
Invoices over 1 year old	£90k
Agreed Payment Arrangments - Direct Debits	£411k
Awaiting Cancellation	£6k
Awaiting Write-off	£22k
In dispute, with LBB Service Dept	£9k
Total	£623k

3.6 Nightly Paid Accommodation Charges

The outstanding debt for Nightly Paid Accommodation charges as at 30th September 2014 was £1.83m for current and former occupiers.

	Arrears as at 30 September 2014
Charges raised for current year	£2,552,468.89
Charges raised and arreras brought forward for previous years	£1,482,283.64
Payments received from debtors	-£146,585.41
Housing Benefit awards	-£2,065,676.09
Sub total	£1,822,491.03
Debts written off	-£6,677.79
Refunds	£16,617.15
Total	£1,832,430.39

The level of charges raised for the period 1st April 2014 to 30th September 2014, has increased by 19% on the previous year.

£2.07m was collected from Housing Benefit awards from 1st April 2014 to 30th September 2014, which is an increase of £199k (10.69%) on the previous year.

The increase in the number of people being placed in Bed and Breakfast accommodation together with changes to the Local Housing Allowance rates and the welfare benefit cap means that there has been a significant increase in the number of HB claimants having to make a contribution to their rent. This has had a detrimental impact on recoveries given the mobility of the clients in such accommodation; however with the additional resources put in place last year cash collections have increased by £31k (26.7%) for the period 1st April to 30th September 2014 on the previous year.

3.7 Accounts Payable

A BV8 summary covering the period from 1 April 2014 to 30 September 2014 is shown below. This shows that in 2013/14 the percentage of invoices that were paid within 30 days was 98%. This is an increase of 2% against the 2012/13 position of 96%. The percentage of invoices paid within 20 days has also increased from 96% in 2013/14 to .

BV8 Summary

1st April 2014 to 30th September 2014

Manuals	Target:	98%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services *			0	29	29	100%	1	28	29	97%
Corporate Services			26	132	158	84%	38	120	158	76%
Children & Young People +			13	28	41	68%	20	21	41	51%
Environment and Leisure			6	14	20	70%	6	14	20	70%
R&R (Inc. Libraries & LE/PP)			66	602	668	90%	171	497	668	74%
Payroll (R05 - R20)			37	358	395	91%	39	356	395	90%
Utilities			3	936	939	100%	46	893	939	95%
Confirm			43	7,230	7,273	99%	69	7,204	7,273	99%
			194	9,329	9,523	98%	390	9,133	9,523	96%
I-Proc	Target:	98%								
Adult and Community Services *			29	5,532	5,561	99%	58	5,503	5,561	99%
Corporate Services			12	1,261	1,273	99%	46	1,227	1,273	96%
Children & Young People +			39	2,710	2,749	99%	57	2,692	2,749	98%
Environment and Leisure			40	1,391	1,431	97%	69	1,362	1,431	95%
R&R (Inc. Libraries & LE/PP)			32	1,575	1,607	98%	61	1,546	1,607	96%
			152	12,469	12,621	99%	291	12,330	12,621	98%
Carefirst	Target:	98%								
T01 Residential			229	7,270	7,499	97%	431	7,068	7,499	94%
T04 Children & Young People			15	2,881	2,896	99%	27	2,869	2,896	99%
			244	10,151	10,395	98%	458	9,937	10,395	96%
Adults	Target:	98%								
T02 Respite & Carers Budget			3	362	365	99%	29	336	365	92%
			3	362	365	100%	29	336	365	93%

Cumulative YTD Total

593	32,311	32,904	98%	1,168	31,736	32,904	96%
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The table below shows the percentage split in the method of payments for suppliers. The percentage of suppliers paid by BACS has increased from 86% for April 2013 to September 2013 to 87% for the same period in 2014.

BACS Payment Statistics

Year	Month	BACS Count	BACS %	Cheque Count	Cheque %
2014	Apr	3,032	89%	393	11%
2014	May	2,534	85%	434	15%
2014	Jun	2,633	86%	440	14%
2014	Jul	3,157	89%	404	11%
2014	Aug	2,451	88%	331	12%
2014	Sep	2,597	85%	474	15%
Total for April 2014 to September 2014		16,404	87%	2,476	13%

3.8 Complaints

The table below shows the number of complaints received since April 2011 split by justified and not justified.

	2011/12	2012/13	2013/14	1/4/14 to 30/9/14
Sundry Debtors/Income				
Justified			13	5
Unjustified			1	1
Total	2	4	14	6
Accounts Payable				
Justified	-	-	2	1
Unjustified	-	-	2	-
Total	N/A	-	4	1

4 FINANCIAL IMPLICATIONS

The report refers to the significant income collection undertaken through the Exchequer Services contract with Liberata.

Non-Applicable Sections:	[Policy, Legal and Personnel]
Background Documents: (Access via Contact Officer)	

