

PART 1 - PUBLIC

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**Decision Maker:** Executive & Resources PDS

**Date:** 9 July 2015

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

**Title:** EXCHEQUER SERVICE MONITORING REPORT

**Contact Officer:** Claudine Douglas-Brown, Head of Exchequer Services  
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**Chief Officer:** Peter Turner, Director of Finance

**Ward:** All

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1. Reason for report

- 1.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata up to the 31<sup>st</sup> March 2015. 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 services shown in subsequent appendices.

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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: 400004, 400008, 400022
  4. Total current budget for this head: £1.5m
  5. Source of funding:
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## Staff

1. Number of staff (current and additional): 3 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

The Care Act 2014

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, all of the Council's suppliers and all adult social care clients. 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

This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015.

The Exchequer Team which consists of 4 members of staff, monitor the compliance of Liberata our contractor for Exchequer Services, against the overall Contract to ensure that services are provided to the required standard, within the agreed timeframe, meeting the agreed targets and performance standards. Where there are areas of concern or underperformance, the Head of Exchequer Services will agree an action plan to address these issues. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.

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.

The Exchequer Services covered in this report are:-

- Sundry Debtors, Mortgages and Corporate Debt
- Accounts Payable
- Financial Assessment and Charging
- Appointee and Deputyship

### 4 SUNDRY DEBTORS, MORTGAGES & CORPORATE DEBT

The collection rate for **in-year debt** as at 31<sup>st</sup> March 2015 was **88.85%** with £35.94m collected against a contractual target of **89%**.

The table below shows the collection rate as at 31<sup>st</sup> March for the last 3 years for comparison.

	2012/13	2013/14	2014/15
<b>31 March Performance</b>	88.7%	73%	88.8%
<b>Target</b>	<b>87%</b>	<b>88%</b>	<b>89%</b>

The adjusted collection rate was 91.08%, after taking into account the following debts that were on hold with the Council:-

- Community Infrastructure Levy (CIL) invoices totalling £395k raised during 2014/15 were not due for payment until 2015/16.
- Disputed debt totalling £575k.

**Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2012/13 through to 2014/15.

**Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2012/13 through to 2014/15.

As you can see the number of invoices outstanding is comparable however the value of the debt outstanding has decreased considerably.

#### 4.1 Aged Debt as at 31<sup>st</sup> March 2015

The table below shows the reduction of debt for invoices raised prior to April 2014.

	2012/13	2013/14	2014/15
<b>31 March Performance</b>	70%	79%	84.4%
<b>Target</b>	<b>85%</b>	<b>88%</b>	<b>91%</b>

The profile of the total debt outstanding as at 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2015 is shown in the table below, along with the overall % reduction in 2014/15. This is then further broken down to show the status of the debt.

	Mar -14	Mar -15	Reduction
	£,000	£,000	
<b>Pre</b>			
<b>2011/12</b>	1,198	923	23%
<b>2011/12</b>	539	353	34%
<b>2012/13</b>	759	530	30%
<b>2013/14</b>	10,175	838	92%
<b>2014/15</b>	N/A	4,424	N/A
<b>Total</b>	<b>12,671</b>	<b>7,068</b>	<b>44%</b>

## Overall Recovery Position as at 31<sup>st</sup> March 2015

Fin Year Original debt raised	Pre 2011	11 - 12	12 - 13	13 - 14	14 - 15	Grand Total
Recovery being pursued	£2K	£3K	£14K	£115K	£2,788K	£2,921K
In recovery, paid by instalments	£26K	£17K	£34K	£56K	£312K	£444K
Secured by charge on property	£63K	£98K	£69K	£19K	£205K	£454K
Appointee & Deputyship in place	£3K	£29K	£5K	£67K	£64K	£169K
Applying for Power of Attorney				£3K	£46K	£50K
Awaiting probate	£33K			£87K	£30K	£149K
Standing probate search in place	£3K	£7K	£36K	£9K	£7K	£63K
Probate granted - recovery being pursued	£5K	£15K	£1K			£22K
With LBB for instructions	£187K	£55K	£55K	£21K	£73K	£391K
Pre debt collector checks	£88K	£21K	£23K	£45K	£121K	£298K
With debt collector	£38K	£9K	£26K	£16K	£61K	£150K
Pre legal action review		£2K	£4K	£4K	£3K	£14K
Applying for County Court Claim	£72K	£13K	£46K	£40K	£72K	£244K
Judgement obtained - Attachment of earnings	£8K					£8K
Judgement obtained - Charging Order		£1K	£5K	£1K		£7K
Judgement obtained - Enforcement options in review	£75K	£14K	£35K	£12K		£136K
Judgement obtained - Order of Information	£67K	£5K	£6K			£78K
Judgement obtained - Payment arrangement	£2K		£4K	£1K	£1K	£8K
High Court enforcement	£16K					£16K
With LBB legal dept for instructions		£5K	£3K	£4K	£40K	£52K
Recommended for write off	£174K	£20K	£61K	£32K	£8K	£295K
In dispute, with LBB service depts	£18K	£1K	£77K	£300K	£575K	£971K
Admin penalty - cannot be recovered until HB and/or CTB overpayment is paid	£41K	£38K	£25K	£7K		£110K
Premises Licences - no reminders required					£19K	£19K
<b>Grand Total</b>	<b>£923K</b>	<b>£353K</b>	<b>£530K</b>	<b>£838K</b>	<b>£4,424K</b>	<b>£7,068K</b>

### 4.2 Utility Debt

Utility debt is the largest contributor to the disputed debt total with over £315k in dispute at year end, of which 83% was directly attributable to Thames Water.

Whilst we have been successful in reducing the debt with most of the utility companies, the Thames Water debt remains high. Officers from the service department have been liaising with Thames Water and have now agreed the final amounts payable for all pre 14/15 debt.

**Appendix 4** shows a summary of Utility debt as at 31<sup>st</sup> March 2015.

### 4.3 Invoicing/Income

The Income Team raised 17,034 sundry invoices with a value of £43.64m from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015. Of these 1,848 invoices, with a value of £3.87m, were subsequently cancelled.

**Appendix 5** shows the value of invoices raised month by month for the period from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2015 compared to the previous two financial years.

**Appendix 6** shows the number of invoices raised month by month for the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 compared to the previous two financial years.

### 4.4 Trade Waste

The outstanding debt on Trade Waste as at 31<sup>st</sup> March 2015 was £172k.

<b>Analysis of Trade Balance</b>	<b>£000</b>
Under 30 days old	£27
Invoices 31 - 365 days old	£3
Invoices over 1 year old	£120
Agreed payment arrangements/Direct Debits	£2
Awaiting cancellation	£2
Awaiting write off	£18
<b>TOTAL</b>	<b>£172</b>

### 4.5 Nightly Paid Accommodation Charges

The outstanding debt for Nightly Paid Accommodation charges as at 31<sup>st</sup> March 2015 was £2.31m for current and former occupiers.

	<b>Arrears as at 31 March 2015</b>
Charges raised for current year	£5,451,340.01
Arrears brought forward	£1,482,978.01
Payments received from debtors	-£363,772.60
Housing Benefit awards	-£4,256,520.30
<b>Sub total</b>	<b>£2,314,025.12</b>
Less charges written on/off	-£3,206.45
<b>Total</b>	<b>£2,310,818.67</b>

£4.26m was collected from Housing Benefit awards from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015, which is an increase of £436k (12%) on the previous year.

£364k was collected in payments from the debtors in the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015, which is an increase of £124k (51%) on the previous year.

Increased focus has been placed on recovering the debt whilst the client is still in the temporary accommodation as it is always more difficult to recover money from former tenants due to the difficulty in tracing them once they have left the temporary accommodation.

## 4.6 Innovation and Service Improvements

As part of our continuous improvement process we have been reviewing the current recovery systems. During the year Liberata submitted a successful joint application for £344,000 of funding from the Department for Communities and Local Government to develop and implement a Community Debt solution for both Bromley and Pendle Councils. This will allow data concerning an individuals' debt to be extracted from different systems and presented in a single screen to give a consolidated view of their debt position. Debt information will be extracted from the systems covering Sundry Debts, Domiciliary Care Debt, Council Tax, Housing Benefit Overpayments, Trade Waste and Business Rates. This will give a number of benefits which will include:

- Improved debt collection – improving the visibility of a client's debt position will lead to an increase in recoverability.
- Improved debt management – the consolidated view of a customer's debt will aid early intervention in cases where they may be experiencing financial difficulties. The sooner their debt position can be addressed the more likely that a realistic and achievable repayment plan can be put into place to prevent additional costs from being incurred by the customer.
- Improved customer experience – rather than being chased separately by the different debt recovery teams, the customer can be chased once in order to discuss all of their debts.

## 5 ACCOUNTS PAYABLE

A BV8 summary covering the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 is shown below. This shows that in 2014/15 the percentage of undisputed invoices that were paid within 30 days was 98%. This matches the performance for 2013/14. The percentage of invoices paid within 20 days has increased from 95% in 2013/14 to 96% in 2014/15.

		BV8 Summary				1st April 2014 to 31st March 2015			
Manuals	Target: 98%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
<b>Adult and Community Services *</b>		4	57	5	100%	10	51	61	100%
<b>Corporate Services</b>		28	447	47	100%	77	398	475	40%
<b>Children &amp; Young People</b>		21	92	113	100%	31	82	113	100%
<b>Environment and Leisure</b>		13	115	128	100%	17	111	128	100%
<b>R&amp;R (Inc. Libraries &amp; LE/PP)</b>		451	1,686	2,137	93%	708	1,429	2,137	89%
<b>Payroll (R05 - R20)</b>		41	729	770	98%	44	726	770	96%
<b>Utilities</b>		5	1,819	1,824	100%	76	1,748	1,824	99%
<b>Confirm (Highways, IS, Property)</b>		63	14,969	15,032	100%	95	14,937	15,032	100%
		<b>626</b>	<b>19,914</b>	<b>20,540</b>	<b>99%</b>	<b>1,058</b>	<b>19,482</b>	<b>20,540</b>	<b>97%</b>
<b>I-Proc</b>	<b>Target: 98%</b>								
<b>Adult and Community Services</b>		93	12,025	12,118	99%	166	11,952	12,118	98%
<b>Corporate Services</b>		18	2,561	2,579	99%	83	2,496	2,579	93%
<b>Children &amp; Young People</b>		71	5,709	5,780	100%	122	5,658	5,780	100%
<b>Environment and Leisure</b>		68	2,821	2,889	100%	131	2,758	2,889	98%
<b>R&amp;R (Inc. Libraries &amp; LE/PP)</b>		64	3,346	3,410	99%	127	3,283	3,410	97%
		<b>314</b>	<b>26,462</b>	<b>26,776</b>	<b>99%</b>	<b>629</b>	<b>26,147</b>	<b>26,776</b>	<b>98%</b>
<b>Carefirst</b>	<b>Target: 98%</b>								
<b>T01</b> Residential		416	14,895	15,311	98%	741	14,570	15,311	97%
<b>T04</b> Children & Young People		18	6,536	6,554	100%	59	6,495	6,554	99%
		<b>434</b>	<b>21,431</b>	<b>21,865</b>	<b>99%</b>	<b>800</b>	<b>21,065</b>	<b>21,865</b>	<b>98%</b>
<b>Adults</b>	<b>Target: 98%</b>								
<b>T02</b> Respite & Carers Budget		8	750	758	95%	69	689	758	88%
		<b>8</b>	<b>750</b>	<b>758</b>	<b>95%</b>	<b>69</b>	<b>689</b>	<b>758</b>	<b>88%</b>
<b>Cumulative YTD Total</b>		<b>1,382</b>	<b>68,557</b>	<b>69,939</b>	<b>98%</b>	<b>2,556</b>	<b>67,383</b>	<b>69,939</b>	<b>96%</b>



The table below shows the percentage split in the method of payments for suppliers. The percentage of suppliers paid by BACS from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 is 87%. This matches the position for the previous year. Liberata continue to change payments over to BACS where bank details are shown on the supplier invoices.

## BACS Payment Statistics

Bacs

Month	BACS Count	BACS %	Cheque Count	Cheque %	BACS Count	BACS %	Cheque Count	Cheque %	
Apr	2,664	85%	454	15%	3,032	89%	393	11%	
May	2,946	88%	411	12%	2,534	85%	434	15%	
Jun	2,507	84%	463	16%	2,633	86%	440	14%	
Jul	3,224	88%	460	12%	3,157	89%	404	11%	
Aug	2,446	85%	418	15%	2,451	88%	331	12%	
Sep	2,661	88%	362	12%	2,597	85%	474	15%	
Oct	2,798	88%	365	12%	2,676	87%	388	13%	
Nov	2,530	88%	347	12%	2,392	84%	447	16%	
Dec	2,772	88%	361	12%	3,036	91%	311	9%	
Jan	2,764	87%	431	13%	2,761	87%	397	13%	
Feb	2,571	87%	382	13%	2,434	87%	361	13%	
Mar	3,085	87%	446	13%	3,501	88%	485	12%	
<b>2013/14</b>	<b>32,968</b>	<b>87%</b>	<b>4,900</b>	<b>13%</b>	<b>2014/15</b>	<b>33,204</b>	<b>87%</b>	<b>4,865</b>	<b>13%</b>

## 6 FINANCIAL ASSESSMENTS & CHARGING

The Financial Assessment & Charging service transferred to Liberata on 1 October 2014. The team are responsible for undertaking financial assessments to calculate how much service users should contribute towards the cost of Residential and Non-Residential care and support provided by the Council.

The team regularly liaise with the adult social care teams, service users and their representatives and are also responsible for the following:-

- Welfare benefit checks to maximise service users' income
- Issuing regular charging statements to service users
- Conducting an annual uplift of the service user's contributions based on changes to welfare benefits and income.
- Undertaking reviews of the service user's finances
- Dealing with day to day enquiries in respect of service users' charges.

### 6.1 Innovation and Service Improvements

Since the transfer of the service the main focus has been to ensure that the standard of service was maintained and all changes in relation to financial assessments and charging required from the Care Act 2014 were implemented on time. Liberata assisted the Exchequer Team to implement the changes ensuring that the Council was compliant with the Act.

Liberata are currently working on the following service improvements:-

- Visiting Officers' access to DWP records to validate customer's benefits information before their visits to reduce the amount of information the service user has to provide and the length of the visit.
- Changes to the booking system for financial assessment visits and the working patterns of the Visiting Officers in order to make the process more efficient and increase the number of visits that are undertaken.
- Liberata have worked with the Exchequer Team to redesign the financial assessment form and improve the quality and clarity of the written communication used by the team. This will enable the Council to gain a greater understanding of the service users finances and reduce the number of queries from service users and their representatives.
- Extending the use of CareFirst to replace existing control spread sheets with automated reports to reduce time spent on manual spreadsheets, provide timely accurate management information on staff productivity and highlight issues on individual cases.
- Introducing a 'risk based' approach for non-residential reviews in order to prioritise the reviews in a more structured way whilst ensuring that every service user receives a full financial review at least every two years.
- Utilising the CareDoc module of CareFirst to produce letters and forms by extracting information directly from the CareFirst system, reducing the need to produce manual letters. Liberata are liaising with the Project Manager in ECHS to progress this and once implemented it will also be used by Care Services and the Exchequer Team.

## **7 APPOINTEE & DEPUTYSHIP**

The Appointee and Deputyship service transferred to Liberata on 5<sup>th</sup> January 2015. The work mainly consists of managing the finances for individuals who lack the mental capacity to manage their own financial affairs and do not have a relative or friend who can do this for them. In addition the team also manage properties for individuals who are placed in residential care as well as organising funerals for residents who die in the borough but lack friends or family to organise the final affairs.

### **7.1 Innovation and Service Improvements**

Liberata are currently working on the following service improvements:-

- The introduction of internet banking to replace the manual banking process currently used for the 240 clients. Once the project has been completed there should be a reduction in the time taken to process transactions and reconcile bank statements.
- Updating the current database to work alongside the internet banking. This is also likely to provide improved functionality that will assist with the charging.

## 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	2014/15
<b>Sundry Debtors/Income</b>				
Justified	-	-	13	15
Unjustified	-	-	1	1
<b>Total</b>	<b>2</b>	<b>4</b>	<b>14</b>	<b>16</b>
<b>Accounts Payable</b>				
Justified	6	1	2	2
Unjustified	-	-	2	-
<b>Total</b>	<b>6</b>	<b>1</b>	<b>4</b>	<b>2</b>
<b>Financial Assessment &amp; Management</b>				
Justified	34	23	24	24
Unjustified	26	14	8	3
<b>Total</b>	<b>60</b>	<b>37</b>	<b>32</b>	<b>27</b>
<b>Appointee &amp; Deputyship</b>				
Justified				3
Unjustified				-
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3</b>

## 9 FINANCIAL IMPLICATIONS

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

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