

London Borough of Bromley

Report No.
FSD16002

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Wednesday 6 January 2016

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

Title: EXCHEQUER SERVICE MONITORING REPORT

Contact Officer: Claudine Douglas-Brown, Exchequer Manager
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides information regarding Liberata's performance in the provision of Exchequer Services up to the 30th September 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.

2. **RECOMMENDATION(S)**

The Committee 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: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: 400004, 400008, 400022
 4. Total current budget for this head: £1.5m
 5. Source of funding:
-

Staff

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

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: 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? Not Applicable
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 1st April 2015 to 30th September 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

Sundry debts are measured on the unpaid balances at the end of each month. At the 30th September 2015, there were 3,195 invoices outstanding totalling £6.16m. Of the total amount outstanding, 858 invoices, with a value of £2.44m (39.58%), had been outstanding for less than 60 days. Of this amount £1.82m (29.5%) was less than 30 days old.

The collection rate for **in-year debt** as at 30th September 2015 was **88.13%** with income of £22.84m being collected. This showed an improvement of 19.48% on the previous year. The target collection rate for the full year is **90%** and based on the current performance we believe Liberata will meet this target.

The table below shows the collection rate as at 30th September for the last 3 years for comparison.

	2012/13	2013/14	2014/15	2015/16
30 September Performance	76.82%	73.82%	68.55%	88.13%
End of Year Performance	88.74%	73.04%	88.8%	N/K
End of Year Target	87%	88%	89%	90%

Appendix 2 shows the comparison between the level of outstanding debt for each month from April to March for the years 2012-13 through to 2014-15 and for April to September 2015.

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 and for April to September 2015.

As you can see the number of invoices and the value of the debt outstanding has decreased considerably when compared to the same time last year.

4.1 Aged Debt as at 30th September 2015

The combined out-of-year collection was 56.03% as at the end of September 2015 which is lower than as at 30th September 2014. Recovery is impacted by a number of factors such as:

- £386k remains in dispute as at the end of September 2015
- £380k is secured by way of Charging Orders
- £383k has been recommended for write off
- £100k relates to Housing Benefit Admin Penalty debts which are not yet payable

The areas of debt above equate to 40.18% of the outstanding debt and if the collection rate were to be adjusted taking these factors into consideration, it would be 68.06%.

The table below shows the recovery performance for 2014/15 for comparison.

	2014/15	2015/16
31 September Performance	69.77%	56.03%
End of Year Performance	84.4%	N/K
End of Year Target	91%	90%

The profile of the total debt outstanding as at 30th September 2014 and 30th September 2015 is shown in the table below, along with the overall % reduction in 2015/16. This is then further broken down to show the status of the debt.

A recovery plan to improve the collection performance on the older debt has been agreed with Liberata and this will be monitored on a monthly basis.

	Sep-14	Sep-15	Reduction
	£,000	£,000	
Pre 2011/12	1,114	817	27%
2011/12	420	271	35%
2012/13	635	481	24%
2013/14	1,662	592	64%
2014/15	5,000	946	81%
2015/16	N/A	3,050	N/A
Total	8,831	6,157	30%

Overall Recovery Position as at 30th September 2015

Financial Year Original debt raised	Pre 2011	11 - 12	12 - 13	13 - 14	14 - 15	15 - 16	Grand Total
Recovery being pursued	£3K	£3K	£11K	£63K	£140K	£2,483K	£2,703K
In recovery, paid by instalments	£34K	£16K	£25K	£38K	£100K	£243K	£455K
Secured by charge on property	£62K	£69K	£69K	£19K	£97K		£317K
Appointee & Deputyship in place	£3K	£17K	£12K	£40K	£60K	£3K	£135K
Applying for Power of Attorney					£1K		£1K
Awaiting probate				£3K	£53K	£37K	£93K
Standing probate search in place			£16K	£13K	£7K		£36K
Probate granted - recovery being pursued	£2K	£1K	£5K		£1K	£1K	£9K
With LBB for instructions	£84K	£15K	£46K	£44K	£82K	£78K	£348K
Liberata internal hold	£12K		£7K	£5K	£21K	£25K	£70K
Pre debt collector checks	£77K	£41K	£35K	£4K	£65K	£3K	£224K
With debt collector	£10K	£7K	£15K	£28K	£49K	£22K	£130K
Pre legal action review	£7K		£1K	£5K	£19K		£32K
Applying for County Court Claim	£69K	£8K	£16K	£103K	£20K	£2K	£218K
Judgement obtained - Attachment of earnings	£8K						£8K
Judgement obtained - Charging Order	£37K	£1K	£25K			£1K	£64K
Judgement obtained - Enforcement options in review	£111K	£14K	£20K	£8K	£4K	£1K	£158K
Judgement obtained - Order of Information	£2K						£2K
Judgement obtained - Payment arrangement	£13K	£3K	£6K	£3K			£27K
With LBB legal dept for instructions	£4K	£23K	£4K	£4K	£47K	£10K	£92K
Awaiting cancellation			£1K	£22K		£1K	£24K
Recommended for write off	£230K	£19K	£82K	£38K	£14K		£383K
In dispute, with LBB service departments	£11K	£1K	£65K	£146K	£164K	£135K	£522K
Admin penalty - cannot be recovered until HB and/or CTB overpayment is paid	£37K	£34K	£21K	£6K			£100K
Premises Licences - no reminders required					£4K	£4K	£8K
Grand Total	£817K	£271K	£481K	£592K	£946K	£3,049K	£6,157K

4.2 Utility Debt

The total debt for utilities was £359k as at 30th September 2015, this represents a reduction of £772k (68%) on the previous year. British Telecom is the largest debtor with an outstanding debt of £186k. Officers from the service department are currently working through the disputed invoices with British Telecom in order to resolve the issues. All amounts agreed will then be paid. Due to the volume of invoices this is likely to take up till the end of March. Once this has been completed, draft invoicing for all utilities will be out in place which will help to reduce the number of invoices raised and subsequently cancelled.

Appendix 4 shows a summary of Utility debt as at 30th September 2015.

4.3 Invoicing/Income

The Income Team raised 8,301 sundry invoices with a value of £27.17m from 1st April 2015 to 30th September 2015 which was £10.46m more than in the previous year. Of these, 1,112 invoices, with a value of £2.52m, were subsequently cancelled. This includes cancellations where charges are raised in advance and the service is subsequently cancelled.

Appendix 5 shows the value of invoices raised month by month for the period from 1st April 2015 to 30th September 2015 compared to the same periods in the previous three financial years.

Appendix 6 shows the number of invoices raised month by month for the period from 1st April 2015 to 30th September 2015 compared to the same periods in the previous three financial years.

4.4 Trade Waste

The outstanding debt on Trade Waste as at 30th September 2015 was £754k.

Analysis of Trade Balance	£000
Under 30 days old	£63
Invoices 31 - 365 days old	£123
Invoices over 1 year old	£99
Agreed payment arrangements/Direct Debits	£387
Awaiting cancellation	£33
Awaiting write off	£35
TOTAL	£754

4.5 Nightly Paid Accommodation Charges

The outstanding debt for Nightly Paid Accommodation charges as at 30th September 2015 was £2.36m for current and former occupiers.

	Arrears as at 31 March 2015
Charges raised for current year	£3,426,023.24
Arrears brought forward	£2,213,900.77
Payments received from debtors	-£256,396.70
Housing Benefit awards	-£2,945,522.44
Sub total	£2,438,004.87
Less charges written on/off	-£76,180.47
Total	£2,361,818.40

£2.95m was collected from Housing Benefit awards from 1st April 2015 to 30th September 2015, which is an increase of £880k (42%) on the previous year.

£256k was collected in payments from the debtors in the period from 1st April 2015 to 30th September 2015, which is an increase of £110k (74%) on the previous year.

4.6 Innovation and Service Improvements

As part of our continuous improvement process we have reviewed the current recovery systems and have expanded the scope for the Single View system to include a debt management system. 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. The Single View will provide:

- 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. 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

The added benefits from the Debt Management system include:

- Automated direct debit facility
- Ability to set up direct debits to collect current charges and arrears (e.g. for domiciliary care, carelink or commercial rents)

- Powerful instalment arrangement facilities allowing multiple debt types to be incorporated into a single arrangement
- Performance management reporting for monitoring recovery staff
- Online performance and benchmarking analysis for monitoring contractor performance

5. ACCOUNTS PAYABLE

A BV8 summary covering the period from 1st April 2015 to 30th September 2015 is shown below. This shows that the percentage of undisputed invoices that were paid within 30 days was 99%. This is a 1% increase against September 2014 which was 98%. The percentage of invoices paid within 20 days has also increased by 1% from 96% in September 2014 to 97% in September 2015.

			BV8 Summary							
			1st April 2015 to 30th September 2015							
Manuals	Target:	98%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services *			0	28	28	100%	1	27	28	100%
Corporate Services			1	242	243	100%	1	242	243	100%
Children & Young People +			6	372	378	100%	8	370	378	100%
Environment and Leisure			0	46	46	100%	0	46	46	100%
R&R (Inc. Libraries & LE/PP)			79	1,076	1,155	91%	219	936	1,155	74%
Payroll (R05 - R20)			2	197	199	100%	3	196	199	100%
Utilities			12	764	776	99%	19	757	776	96%
Confirm (Highways, IS, Property)			26	6,680	6,706	100%	49	6,657	6,706	99%
			126	9,405	9,531	98%	300	9,231	9,531	95%
I-Proc	Target:	98%								
Adult and Community Services *			98	5,825	5,923	99%	130	5,793	5,923	99%
Corporate Services			23	1,369	1,392	97%	66	1,326	1,392	91%
Children & Young People +			47	2,555	2,602	99%	70	2,532	2,602	98%
Environment and Leisure			33	1,278	1,311	98%	70	1,241	1,311	97%
R&R (Inc. Libraries & LE/PP)			31	1,298	1,329	99%	59	1,270	1,329	97%
			232	12,325	12,557	99%	395	12,162	12,557	98%
Carefirst	Target:	98%								
T01 Residential			130	8,699	8,829	100%	310	8,519	8,829	99%
T04 Children & Young People			20	3,058	3,078	99%	27	3,051	3,078	99%
			150	11,757	11,907	99%	337	11,570	11,907	99%
Adults	Target:	98%								
T02 Respite & Carers Budget			5	290	295	100%	24	271	295	94%
			5	290	295	100%	24	271	295	94%
Cumulative YTD Total			513	33,777	34,290	99%	1,056	33,234	34,290	97%

The table below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2015 to 30th September 2015 is 88%. This is a 1% increase on the 30th September 2014 position.

Bacs

Year	Month	BACS Count	BACS %	Cheque Count	Cheque %	Year	Month	BACS Count	BACS %	Cheque Count	Cheque %
2014	Apr	3,032	89%	393	11%	2015	Apr	2,798	89%	335	11%
2014	May	2,534	85%	434	15%	2015	May	2,419	87%	359	13%
2014	Jun	2,633	86%	440	14%	2015	Jun	2,646	87%	384	13%
2014	Jul	3,157	89%	404	11%	2015	Jul	3,293	89%	421	11%
2014	Aug	2,451	88%	331	12%	2015	Aug	2,343	89%	292	11%
2014	Sep	2,597	85%	474	15%	2015	Sep	2,447	88%	348	12%
Total for 2014/15		16,404	87%	2,476	13%	Total for 2015/16		15,946	88%	2,139	12%

6. FINANCIAL ASSESSMENTS & CHARGING

The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 30th September 2015 are shown below:

Indicator	Target 2014/15	Actual to 31/3/15	1/4/15 to 30/9/15
Financial Assessments			
Complete Financial Assessments within 10 working days	100%	97%	100%
Produce the charging file from CareFirst weekly	100%	100%	100%

6.1 Innovation and Service Improvements

During the six month period under review Liberata have implemented the following initiatives to improve the team’s performance and productivity and these included the following:

- Visiting Officers now have access to DWP records to allow them to capture and validate customer’s benefits information before their visits.
- A number of reports have been produced that record the status and progress of key activities performed by the team. These are produced from CareFirst and replace the spread sheets that were previously being manually updated to provide the same information. This means that both Liberata Management and LBB will have access to real time information.

7. APPOINTEE & DEPUTYSHIP

The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 30th September 2015 are shown below:

Indicator	Target 2014/15	Actual to 31/3/15	Target 2015/16	1/4/15 to 30/9/15
Appointee & Deputyship				
Referral of applications received to the Panel within 14 working days	100%	100%	100%	100%
Raise invoices for charges within 2 months of the anniversary of the court order	70%	100%	100%	85%

As at 30th September 2015 the team had 241 clients of which 177 were for Appointeeship and 64 were for Deputyship. In the six months to 30th September 2015 they arranged for 15 Community Funerals and sold property for one client. Corrective action has been taken to ensure that future invoices are raised within the set timescales.

7.1 Innovation and Service Improvements

Liberata are working with Lloyds Bank to move from the current manual banking processes to online accounts. Unfortunately due to issues within Lloyds Bank, the project has been placed on hold until the New Year.

8. COMPLAINTS

The table below shows the number of complaints received since April 2011 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low. The number of complaints received by the Financial Assessment team increases each time there is a significant change to the charging policy for adult social care such as the introduction of an arrangement fee for full cost clients in May 2015.

	2012/13	2013/14	2014/15	1/4/15-30/9/15
Sundry Debtors/Income				
Justified		13	15	3
Unjustified		1	1	2
Total	4	14	16	5
Accounts Payable				
Justified		2	2	
Unjustified		2	2	1
Total	N/A	4	4	1
Financial Assessment & Management				
Justified		28	24	9
Unjustified		8	3	2
Total	N/A	32	27	11
Appointee & Deputyship				
Justified			3	
Unjustified				2
Total	N/A	N/A	3	2

9. 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)	