

London Borough of Bromley

Report No.
FSD16049

PART ONE - PUBLIC

Decision Maker: EXECUTIVE AND RESOURCES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Thursday 7 July 2016

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

Title: EXCHEQUER SERVICE MONITORING REPORT

Contact Officer: Claudine Douglas-Brown, Head of Exchequer Services
Tel: 020 8461 7479 E-mail: Claudine.Douglas-Brown@bromley.gov.uk

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 31st March 2016. 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
-

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:
-

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.
-

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 31st March 2016.

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 31st March 2016, there were 3,439 invoices outstanding totalling £6.05m. Of the total amount outstanding £2.31m (38.18%) had been outstanding for less than 30 days.

The collection rate for **in-year debt** as at 31st March 2016 was **92.92%** against a target of 90% with income of £48.54m being collected.

This showed an improvement on the previous year and resulted in additional income of £1.52m additional income collected.

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

	2013/14	2013/14	2015/16
31 March Performance	73%	88.8%	92.9%
Target	88%	89%	90%

The adjusted collection rate was 93.6%, after taking into account debts that were on hold with the Council such as:-

- CIL debts (Community Infrastructure Levy invoices) totalling £83k were raised during 2015/16 but were not payable until 2016/17

- Over £265k of invoices raised in-year that remained in dispute at the end of 2015/16..

The level of invoices being disputed by debtors with the Council has decreased by £123k on the previous financial year.

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 2015-16.

Appendix 3 shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2012-13 through to 2015-16.

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

4.1 Aged Debt as at 31st March 2016

The combined out-of-year collection was 65.95% as at the end of March 2016. If this is adjusted for debts that were on hold with the Council this increases the collection rate to 85.97% which is an increase of 17.9% on the previous year.

A recovery plan to improve the collection performance on the older debt was agreed with Liberata in 2015/16 and this continues to be monitored on a monthly basis.

The profile of the total debt outstanding as at 31st March for the last three years 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.

	31-Mar-14	31-Mar-15	31-Mar-16	Reduction
	£000	£000	£000	
Pre 2011/12	1,198	923	701	24%
2011/12	539	353	194	45%
2012/13	759	530	396	25%
2013/14	10,175	838	521	38%
2014/15	N/A	4,424	594	87%
2015/16	N/A	N/A	3,650	N/A
Total	12,671	7,068	6,056	14%

Overall Recovery Position as at 31st March 2016

Outstanding balance and Recovery position of debts raised in the years below							
Fin Year in which the original debt was raised	Pre 2011	11 - 12	12 - 13	13 - 14	14 - 15	15 - 16	Grand Total
Recovery being pursued	£K	£4K	£1K	£9K	£9K	£2,556K	£2,578K
In recovery, paid by instalments	£21K	£12K	£20K	£31K	£22K	£344K	£451K
Secured by charge on property	£36K	£44K	£69K	£19K	£75K	£47K	£290K
Appointee & Deputyship in place	£2K	£11K	£11K	£40K	£52K	£64K	£181K
Applying for Power of Attorney				£K	£3K	£24K	£28K
Awaiting probate				£3K	£45K	£53K	£102K
Standing probate search in place		£3K	£15K	£19K	£5K	£10K	£52K
Probate granted - recovery being pursued			£29K		£K	£2K	£31K
Vol contribution/sponsorship							
With LBB for instructions	£31K		£5K		£45K	£64K	£144K
Pre debt collector checks	£8K	£26K	£38K	£6K	£10K	£39K	£127K
With debt collector	£12K	£5K	£18K	£28K	£67K	£76K	£207K
Pre legal action review	£3K			£2K	£7K	£K	£12K
Applying for County Court Claim	£25K	£30K	£13K	£18K	£40K	£51K	£176K
Judgement obtained - Attachment of earnings			£K			£K	£1K
Judgement obtained - Charging Order	£97K	£1K	£21K	£87K		£3K	£209K
Judgement obtained - Enforcement options in review	£31K		£4K		£K	£K	£36K
Judgement obtained - Order of Information	£K		£K			£K	£1K
Judgement obtained - Payment arrangement	£23K	£3K	£6K	£3K			£34K
Judgement obtained - Garnishee order					£2K	£5K	£6K
Judgement obtained - High Court Enforcement	£42K		£5K	£11K	£5K	£2K	£66K
With LBB legal dept for instructions	£3K	£7K	£2K	£10K	£5K	£1K	£28K
Awaiting cancellation			£2K		£1K	£1K	£4K
Recommended for write off	£288K	£34K	£59K	£38K	£12K	£3K	£434K
In dispute, with service departments	£76K	£14K	£77K	£197K	£187K	£296K	£848K
Admin penalty - cannot be recovered until HB and/or CTB overpayment is paid	£3K	£1K	£1K			£K	£5K
Premises Licences - no reminders required					£K	£4K	£4K
Grand Total	£701K	£194K	£396K	£521K	£594K	£3,646K	£6,053K

4.2 Utility Debt

The total debt for utilities was £384k as at 31st March 2016, this represents a reduction of £200k (34%) on the previous year. British Telecom is the largest debtor with an outstanding debt of £212k.

Utility debt is the largest contributor to the disputed debt total with over £184k remaining in dispute at the year-end; 90% of this is directly attributable to British Telecom. However, officers in Environmental and Community Services remain in discussion with British Telecom over disputes and the level of unpaid invoices. All amounts agreed will then be paid and draft invoicing for all utilities will be put in place which will help to reduce the number of invoices raised and subsequently disputed or cancelled.

Appendix 4 shows a summary of Utility debt as at 31st March 2016.

4.3 Invoicing/Income

The Income Team raised 18,219 sundry invoices with a value of £56.6m from 1st April 2015 to 31st March 2016 which was £13m more than in the previous year. Of these, 2,107 invoices, with a value of £5.46m, 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 31st March 2016 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 31st March 2016 compared to the same periods in the previous three financial years.

4.4 Trade Waste

The outstanding debt on Trade Waste as at 31st March was £231k.

Analysis of Trade Balance	£000
Under 30 days old	4
Invoices 31 - 365 days old	80
Invoices over 1 year old	88
Agreed payment arrangements/Direct Debits	4
Invoices in dispute	38
Awaiting cancellation	7
Awaiting write off	10
TOTAL	231

4.5 Nightly Paid Accommodation Charges

The outstanding debt for Nightly Paid Accommodation charges as at 31st March 2016 was £2.61m for current and former occupiers.

£6.14m was collected from Housing Benefit awards from 1st April 2015 to 31st March 2016, which is an increase of £1.88m (44%) on the previous year.

£639k was collected in payments from the debtors in the period from 1st April 2015 to 31st March 2016, which is an increase of £276k (76%) on the previous year.

	Arrears as at 31 March 2016
Charges raised for current year	£7,427,991
Arrears brought forward	£2,213,901
Payments received from debtors	-£639,309
Housing Benefit awards	-£6,136,500
Sub total	£2,866,083
Less charges written on/off	-£251,683
Total	£2,614,400

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 which will be implemented in 2016/17. 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 31st March 2016 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 the previous year which was 98%. The percentage of invoices paid within 20 days has also increased by 1% from 96% in March 2015 to 97% in March 2016.

		BV8 Summary				1st April 2015 to 31st March 2016			
Manuals	Target: 98%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services *		0	55	55	100%	1	54	55	100%
Corporate Services		2	473	475	100%	2	473	475	100%
Children & Young People +		6	410	416	100%	8	408	416	100%
Environment and Leisure		0	99	99	100%	5	94	99	77%
R&R (Inc. Libraries & LE/PP)		165	2,309	2,474	96%	505	1,969	2,474	91%
Payroll (R05 - R20)		4	508	512	97%	7	505	512	93%
Utilities		15	1,637	1,652	99%	35	1,617	1,652	99%
Confirm (Highways, IS, Property)		41	15,195	15,236	100%	67	15,169	15,236	100%
		233	20,686	20,919	99%	630	20,289	20,919	98%
I-Proc Target: 98%									
Adult and Community Services *		166	13,112	13,278	99%	238	13,040	13,278	98%
Corporate Services		56	2,510	2,566	98%	138	2,428	2,566	96%
Children & Young People +		110	5,302	5,412	97%	205	5,207	5,412	94%
Environment and Leisure		89	2,426	2,515	97%	164	2,351	2,515	94%
R&R (Inc. Libraries & LE/PP)		79	2,605	2,684	92%	156	2,528	2,684	87%
		500	25,955	26,455	98%	901	25,554	26,455	96%
Carefirst Target: 98%									
T01	Residential	161	17,640	17,801	100%	375	17,426	17,801	99%
T04	Children & Young People	29	6,109	6,138	100%	41	6,097	6,138	100%
		190	23,749	23,939	100%	416	23,523	23,939	99%
Adults Target: 98%									
T02	Respite & Carers Budget	7	513	520	97%	41	479	520	79%
		7	513	520	97%	41	479	520	79%
Cumulative YTD Total		930	70,903	71,833	99%	1,988	69,845	71,833	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 31st March was 89% which was a 2% increase on the previous year.

Month	2014/15				Month	2015/16			
	BACS Count	BACS %	Cheque Count	Cheque %		BACS Count	BACS %	Cheque Count	Cheque %
Apr	3,032	89%	393	11%	Apr	2,798	89%	335	11%
May	2,534	85%	434	15%	May	2,419	87%	359	13%
Jun	2,633	86%	440	14%	Jun	2,646	87%	384	13%
Jul	3,157	89%	404	11%	Jul	3,293	89%	421	11%
Aug	2,451	88%	331	12%	Aug	2,343	89%	292	11%
Sep	2,597	85%	474	15%	Sep	2,447	88%	348	12%
Oct	2,676	87%	388	13%	Oct	2,395	89%	307	11%
Nov	2,392	84%	447	16%	Nov	2,323	87%	344	13%
Dec	3,036	91%	311	9%	Dec	2,800	91%	279	9%
Jan	2,761	87%	397	13%	Jan	2,617	88%	355	12%
Feb	2,434	87%	361	13%	Feb	2,421	89%	292	11%
Mar	3,501	88%	485	12%	Mar	3,202	91%	306	9%
	33,204	87%	4,865	13%		31,704	89%	4,022	11%

6. FINANCIAL ASSESSMENTS & CHARGING

The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 31st March 2016 are shown below:

Indicator	Target 2014/15	Actual to 31/3/15	Actual to 31/3/16
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 12 month period under review Liberata have implemented the following initiatives to improve the team's performance and productivity:

- Visiting Officers now have access to DWP records to allow them to capture and validate customer's benefits information before their visits. This has helped to reduce the amount of time the Officers now spend verifying documentation during the completion of their financial assessments.
- New reports have been produced that provide status information on a number of key activities undertaken by the team. These reports are produced from the CareFirst system and have replaced the old spread sheets that were previously manually updated by the

team. As a result both Liberata Management and the Exchequer Services team have access to real time information.

- The Financial Assessment Form has been redesigned in order to make it easier for service users to understand and complete. This, in turn, will help improve the quality of the information received.
- A project is being carried out, with the Council's CareFirst Support team, to fully utilise existing functionality within the CareFirst system that will allow the production of letters directly from the system. Once completed this solution will help improve the quality of the data currently being produced manually and reduce processing time.

7. APPOINTEE & DEPUTYSHIP

The Key Performance Indicator figures for the team covering the period from 1st April 2015 to 31st March 2016 are shown below:

Indicator	Target 2014/15	Actual to 31/3/15	Target 2015/16	Actual to 31/3/16
Appointee & Deputyship				
Referral of applications received to the Panel within 14 working days	100%	100%	100%	97%
Raise invoices for charges within 2 months of the anniversary of the court order	70%	100%	100%	74%

As at 31st March 2016 the team had 239 clients of which 178 were for Appointeeship and 61 were for Deputyship. In the 12 months to 31st March 2016 they arranged for 23 Community Funerals and sold two properties with two further properties currently being marketed for sale. Corrective action has been taken to ensure that future invoices are raised within the set timescales.

7.1 Innovation and Service Improvements

Liberata have continued to work with Lloyds Bank to move from the present manual banking processes to online accounts. The implementation of the Lloyds Link online system is due to take place on 4th July 2016. In line with this change, Lloyds bank have agreed to pay an enhanced rate of interest on all balances held in the client bank accounts.

Liberata have invested £430k in respects of 16 Deputyship clients into the Court Funds Office and/or into a personal Individual Savings Accounts.

The Caspar application was successfully transferred to a Liberata Server and upgraded to the latest version 4.27 which has Liberata to access additional functionality within the system.

8. COMPLAINTS

The table below shows the number of complaints received since April 2013 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.

	2013/14	2014/15	2015/16
Sundry Debtors/Income			
Justified	13	15	10
Unjustified	1	1	3
Total	14	16	13
Accounts Payable			
Justified	2	2	
Unjustified	2	2	2
Total	4	4	2
Financial Assessment & Management			
Justified	28	24	14
Unjustified	8	3	3
Total	32	27	17
Appointee & Deputyship			
Justified		3	2
Unjustified			
Total	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)	