

**Decision Maker:** EXECUTIVE, RESOURCES AND CONTRACTS POLICY  
DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Thursday 5 July 2018

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

**Title:** EXCHEQUER SERVICE - CONTRACT PERFORMANCE  
REPORT

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

**Ward:** (All Wards);

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1. Reason for report

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.
- 1.2 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)**

**The Committee is requested to note the information contained within the report on Liberata's performance and the action taken to address any performance issues.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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## 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: Exchequer Service – Payments & Income
  4. Total current budget for this head: £1.434m
  5. Source of funding: 2017/18
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## Personnel

1. Number of staff (current and additional): 4fte plus Liberata staff
  2. If from existing staff resources, number of staff hours: Not Applicable
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## Legal

1. Legal Requirement: Statutory Requirement:  
Public Health (Control of Disease) Act 1984  
Late Payment of Commercial Debts (interest) Act 1998  
The County Court Act 1984  
The Civil Procedure Rules  
Environmental Protection Act 1990  
Housing Act 2004  
The Care Act 2014  
The Public Contracts regulations 2015
  2. Call-in: Not Applicable:
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## Procurement

1. Summary of Procurement Implications: Not 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: Not Applicable

### 3. COMMENTARY

- 3.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1st April 2017 to 31st March 2018.
- 3.2 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 with Liberata to address these issues. The team also ensures the services comply with current legislation, financial regulations, contractual obligations and audit requirements.
- 3.3 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 Director meets with Bromley regularly to deal with escalated issues, review policies and develop new ideas.
- 3.4 The Exchequer Services covered in this report are:-
- Sundry Debtors, Mortgages and Corporate Debt
  - Accounts Payable
  - Financial Assessment and Management
  - Appointee and Deputyship

### 4. SERVICE PROFILE/DATA ANALYSIS

#### 4.1 Sundry Debtors, Mortgages & Corporate Debt

- 4.1.1 The sundry debts performance is measured on amount recovered at the end of each reporting period. At the 31<sup>st</sup> March 2018, there were 2,657 invoices outstanding totalling £10.81m. Of the total amount, £4.62m (42.71%) had been outstanding for less than 30 days.
- 4.1.2 As at 31<sup>st</sup> March 2018 the amount recovered in respect of invoices raised between 1<sup>st</sup> April 2017 and 31<sup>st</sup> March 2018 was £54.09m or 86.4% against a target of 92% or £57.44m.
- 4.1.3 The shortfall of 5.36% or £3.35m was as a result of the following factors:
- Liberata were unable to pursue over £2.45m in respect of invoices raised in year; these included disputes and holds on recovery instructions from Council departments.
  - Community Infrastructure Levy debts (CIL) totalling £85k were raised before 31<sup>st</sup> March 2018 but were not payable until after this time
  - An increase of £1.64m raised in the last two weeks of the financial year.

Table 1 Unadjusted Collection Rate

	2014/15	2015/16	2016/17	2017/18
<b>31<sup>st</sup> March Performance</b>	88.8%	92.9%	87.5%	86.6%

Table 2 Adjusted Collection Rate

	2014/15	2015/16	2016/17	2017/18
<b>31<sup>st</sup> March Performance</b>	91.1%	93.6%	91.4%	90.3%
<b>Target</b>	<b>89%</b>	<b>90%</b>	<b>91%</b>	<b>92%</b>

- 4.1.4 If the in-year collection rate is adjusted to take account of those debts where Liberata could not pursue payment, the revised collection rate would be 90.30%.
- 4.1.5 Active recovery is not taken against debts under 21 days old as they remain in their reminder cycle at this stage therefore if the increase in late invoices raised was taken into account the collection rate would stand at 92.8%.
- 4.1.6 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2014-15 through to 2017-18.
- 4.1.7 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2014-15 through to 2017-18.

Aged Debt as at 31<sup>st</sup> March 2018

- 4.1.8 The out-of-year collection rate across all financial years was 99.46% with £6.29m collected in 2017/18. There are a number of factors which continue to affect out-of-year collection:
- £813k either remains in dispute, or is awaiting further instruction from the Council at the end of the financial year and as such, further recovery action remains on hold
  - £506k has been recommended for write off
- 4.1.9 Table 3 shows the movement in the out-of-year debt outstanding as at 31<sup>st</sup> March for the last year along with the overall % reduction from 31<sup>st</sup> March 2017 to 31<sup>st</sup> March 2018.

Table 3

Year	31-Mar-17	31-Mar-18	Reduction since 31/03/17
	£,000	£,000	
<b>Pre 2013</b>	967	736	-24%
<b>2013/14</b>	206	163	-21%
<b>2014/15</b>	388	330	-15%
<b>2015/16</b>	644	439	-32%
<b>2016/17</b>	6,563	804	-88%
<b>Total</b>	<b>8,768</b>	<b>2,472</b>	<b>-72%</b>

- 4.1.10 **Appendix 4** shows the overall recovery position of in each financial year up to 31<sup>st</sup> March 2018. The changes in categories since the last report in November 2017 reflects the new reporting categories implemented in February 2018 with Aspien, the new debt management system.
- 4.1.11 The category with the largest debt is the one relating to debts in dispute or on hold at the request of the service department. Liberata continue to work with LBB officers in order to

resolve queries and disputes as quickly as possible so that recovery action can continue.

4.1.12 Cases are escalated by Liberata to the Exchequer Client Unit who liaise with senior LBB officers regarding pursuing the debt or writing it off if it is uncollectable.

4.1.13 Included in the £3m disputed debt is one invoice for £2.2m. The Council is currently considering legal advice on the recovery and enforcement of this s106 contribution.

#### Utilities

4.1.14 The total debt for utilities was £316k as at 31<sup>st</sup> March 2018. Liberata have been successful in reducing the debt with most of the utility companies however utility debt remains one of the largest contributors to the disputed debt total with £200k being in dispute; 98% of this relates to British Telecom.

4.1.15 Officers in the Environment & Community Department are continuing their discussions with British Telecom over disputes and the level of unpaid invoices. Unfortunately the BT debt has not reduced as much as was expected since the last report in November 2017. The main cause was the delay in a response from BT due to the unfortunate event of BT's sub-contractor Carillion Telent announcing that they were going into administration.

4.1.16 Carillion Telent are responsible for most of BT's works within the borough and therefore BT required information from them in order to provide details for the disputed invoices. This was escalated to senior management within BT as ultimately they remain responsible for any financial obligations towards LBB. Since March 2018 all disputes have been responded to by both parties and a meeting is being arranged with finance to discuss the next step.

4.1.17 **Appendix 5** shows a summary of Utility debts as at 31<sup>st</sup> March 2018.

#### Income

4.1.18 The Income Team raised 11,615 sundry invoices with a value of £65.9m from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

4.1.19 During the same period, 1,467 invoices relating to all financial years with a total value of £4.5m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

4.1.20 Over the past 2 years, there has been a substantial decrease in the number of invoices raised. This is due to the change in the billing process for the Carelink in 2016 and the continued outsourcing of council services which has resulted in a fall in invoices raised on behalf of the Council of 6,603 (36%) whilst conversely there has been an increase in the total value of invoices raised of £9.3m (16%).

Table 4

Activity	2015/16	2016/17	2017/18	Variance since 31 <sup>st</sup> March 2016
No. of invoices raised	18,218	13,212	11,615	-36%
Value of invoices raised	£56.6m	£55.4m	£65.9m	16%
No. of invoices cancelled	2,107	1,485	1,467	-30%
Value of invoices cancelled	£5.5m	£3.7m	£4.5m	-18%

4.1.21 **Appendix 6** shows the value of invoices raised month by month for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 compared to the same periods in the previous three financial years.

- 4.1.22 **Appendix 7** shows the number of invoices raised month by month for the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 compared to the same periods in the previous three financial years.
- 4.1.23 The outstanding debt for Trade Waste was £175k as at 31<sup>st</sup> March 2018. Table 5 provides an analysis of the outstanding debt compared to the same time last year.
- 4.1.24 Although in year debt decreased by £21k (68%) compared to last year, the total amount outstanding increased by £12k (7%). This was largely due to an increase in the debt over one year and those invoices awaiting write off, which totalled £56k. Following the introduction of the new Aspien debt recovery system we expect to see a reduction in these areas over the next few months.

Table 5

Analysis of Trade Balance	As at 31st March 2017	As at 31st March 2018	Variance	
			£k	%
Under 30 days old	£5k	£1k	-\$4k	-80%
Invoices 31-365 days old	£26k	£9k	-\$17k	-65%
Invoices over 1 year old	£89k	£123k	£34k	38%
Payment arrangements/Direct Debits	£4k	£k	-\$4k	-100%
Invoices in dispute	£15k	£4k	-\$11k	-73%
Awaiting cancellation	£8k	£k	-\$8k	-100%
Awaiting write off	£15k	£37k	£22k	147%
<b>Total</b>	<b>£162k</b>	<b>£174k</b>	<b>£12k</b>	<b>7%</b>

#### Nightly Paid Accommodation Charges

- 4.1.25 The outstanding debt for Nightly Paid Accommodation charges as at 31<sup>st</sup> March 2018 was £4.9m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt as at 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 which shows an increase of £1.1m.
- 4.1.26 From 3<sup>rd</sup> April 2017 there has been a reduction in the rent levels for over 700 accounts due to the Housing Management Fee contained in the rent being replaced with a grant. This has resulted in a 12.7% decrease in the collectable rent debit and has contributed to the 25.54% reduction in the Housing Benefit payments from £6.4m in 2016/17 to £4.8m in 2017/18.
- 4.1.27 An additional factor affecting the level of Housing Benefit payments is the number of clients on Universal Credit that have advised Liberata they have claimed Universal Credit and it should be in payment however it is not reaching the rent accounts. Where this occurs Liberata will continue with recovery action however it can make recovery more difficult if the delays are due to the DWP processes and not the client.
- 4.1.28 Although the full impact of Universal Credit on rent arrears is unknown, the situation should start to improve as, with effect from 11<sup>th</sup> April 2018, all new claimants and any existing claimants who have a change of circumstances will start to receive Housing Benefits.
- 4.1.29 There continues to be an increase in the number of clients in temporary accommodation with the number of current clients increasing from 590 in March 2017 to 755 in March 2018, an increase of 27.97% during the financial year. In order to address this funding for a temporary recovery officer was approved in late 2017 and this has contributed to the cash payments of £1.66m in the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 which is an increase of £437k (35.76%) on the previous year.

4.130 The issue of the increasing debt has been raised with Liberata however we recognise the factors affecting recovery such as Universal Credit and the limitations of the current I.T. system; however Liberata are actively working with officers in the Housing Department to implement a new system that will provide improved recovery and monitoring tools as well as more robust processes. This should lead to an increase in income recovery and ultimately a reduction in the arrears.

Table 6

	<b>Arrears as at 31st March 2017</b>	<b>Arrears as at 31st March 2018</b>
Charges raised for current year	£8,918,414	£7,783,476
Charges raised and arrears brought forward for previous years	£2,621,779	£3,772,250
Payments received from debtors	-£1,222,885	-£1,660,234
Housing Benefit awards	-£6,428,815	-£4,786,732
<b>Sub total</b>	<b>£3,888,494</b>	<b>£5,108,760</b>
Less combined total debts written on/off	-£123,239	-£198,325
<b>Total</b>	<b>£3,765,255</b>	<b>£4,910,435</b>

## 4.2 Accounts Payable

4.2.1 Under the Public Contracts Regulations 2015 the Council is required to publish prompt payment data showing the percentage of undisputed invoices paid within 30 days.

4.2.2 A summary of the performance for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 against the BV8 target of 98% is shown in table 7 below. This shows that the percentage of undisputed invoices paid within 30 days has remained above the target at 99%.

Table 7

Target:

Manuals	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services	0	38	38	100%	0	38	38	100%
Corporate Services	0	150	150	100%	0	150	150	100%
Children & Young People	1	76	77	99%	1	76	77	99%
Environment and Leisure	0	28	28	100%	0	28	28	100%
R&R (Inc. Libraries & LE/PP)	97	1,426	1,523	94%	339	1,184	1,523	78%
Payroll (R05 - R20)	4	1,053	1,057	100%	7	1,050	1,057	99%
Utilities	2	1,118	1,120	100%	3	1,117	1,120	100%
Confirm (Highways, IS, Property)	46	10,489	10,535	100%	94	10,441	10,535	99%
	<b>150</b>	<b>14,378</b>	<b>14,528</b>	<b>99%</b>	<b>444</b>	<b>14,084</b>	<b>14,528</b>	<b>97%</b>
<b>I-Proc</b>								
Adult and Community Services	72	4,171	4,243	98%	117	4,126	4,243	97%
Corporate Services	36	1,978	2,014	98%	145	1,869	2,014	93%
Children & Young People	109	4,925	5,034	98%	220	4,814	5,034	96%
Environment and Leisure	80	2,176	2,256	96%	140	2,116	2,256	94%
R&R (Inc. Libraries & LE/PP)	85	1,750	1,835	95%	137	1,698	1,835	93%
	<b>382</b>	<b>15,000</b>	<b>15,382</b>	<b>98%</b>	<b>759</b>	<b>14,623</b>	<b>15,382</b>	<b>95%</b>
<b>CareFirst</b>								
T01 Residential Children & Young People	25	807	832	97%	92	740	832	89%
T04 Domiciliary Care	5	3,708	3,713	100%	13	3,700	3,713	100%
T05 Domiciliary Care	44	7,692	7,736	99%	160	7,576	7,736	98%
	<b>74</b>	<b>12,207</b>	<b>12,281</b>	<b>99%</b>	<b>265</b>	<b>12,016</b>	<b>12,281</b>	<b>98%</b>
<b>Adults</b>								
T02 Respite	5	613	618	99%	42	576	618	93%
	<b>5</b>	<b>613</b>	<b>618</b>	<b>99%</b>	<b>42</b>	<b>576</b>	<b>618</b>	<b>93%</b>
<b>Cumulative YTD Total</b>	<b>611</b>	<b>42,198</b>	<b>42,809</b>	<b>99%</b>	<b>1,510</b>	<b>41,299</b>	<b>42,809</b>	<b>96%</b>

4.2.3 The table below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 was 90% which is an increase of 1% compared to the previous year.

Table 8

Month	2016/17				2017/18			
	BACS		Cheque		BACS		Cheque	
	Count	%	Count	%	Count	%	Count	%
Apr	2,689	91%	268	9%	2,326	90%	272	10%
May	2,381	89%	296	11%	2,537	87%	375	13%
Jun	2,958	90%	318	10%	2,337	90%	273	10%
Jul	2,662	90%	284	10%	2,417	91%	234	9%
Aug	2,578	87%	387	13%	2,593	90%	281	10%
Sep	2,312	87%	347	13%	2,378	90%	269	10%
Oct	2,326	89%	302	11%	2,421	91%	239	9%
Nov	2,522	89%	325	11%	2,377	89%	305	11%
Dec	2,402	92%	221	8%	2,510	92%	204	8%
Jan	2,554	89%	300	11%	3,142	93%	246	7%
Feb	2,200	88%	313	12%	2,183	90%	248	10%
Mar	3,305	89%	426	11%	2,931	89%	355	11%
	<b>30,889</b>	<b>89%</b>	<b>3,787</b>	<b>11%</b>	<b>30,152</b>	<b>90%</b>	<b>3,301</b>	<b>10%</b>

#### 4.3 Financial Assessment and Charging

- 4.3.1 The Key Performance Indicator figures for the team covering the period from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2018 are shown below.
- 4.3.2 During 2016/17 Liberata introduced an online Care Assess form which captures data in relation to social services referrals and the length of time taken to complete financial assessments. This provides for more accurate data collection and has enabled Liberata to pinpoint the issues affecting performance. Steps taken have resulted in a slight increase in performance of 1% in quarter one of 2018/19.
- 4.3.3 There was a small dip in the performance for producing the charging file for 2017/18 which was due to a number of experienced staff leaving the service in a short space of time. Liberata now have a full complement of staff and are training additional staff to increase resilience within the service.

Table 9

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual 2017/18
Complete Financial Assessments within 10 working days	100%	100%	92%	95%
Produce the charging file from CareFirst weekly	100%	100%	100%	97%

#### 4.3 Appointee and Deputyship

- 4.3.1 The Key Performance Indicator figures for the team covering the period from 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2018 are shown below which reflects an improvement in the service provided by the team. This has been maintained during quarter one of 2018/19.

Table 10

Indicator	Target	Actual 2015/16	Actual 2016/17	Actual 2017/18
Referral of applications received to the Panel within 14 working days	100%	97%	97%	100%
Raise invoices for charges within 2 months of the anniversary of the court order	100%	74%	100%	100%

## 5. PLANS FOR ONGOING IMPROVEMENTS

- 5.1 Liberata have developed an online Financial Assessment form which, when implemented, will streamline the process for providing financial information and improve the service provided to the customer. This is due to be implemented in quarter two of 2018/19.
- 5.2 Liberata will also shortly be implementing Information@Work, a document management system currently used in the Revenues and Benefit service. This will manage the workflow process in the Financial Assessment service as well as provide system based reporting on turnaround times and employee productivity.

## 6. USER/STAKEHOLDER SATISFACTION

- 6.1 Complaints are treated as free intelligence to drive improvement and learning. Each complaint is used as a tool for improvement, with individual errors seen as an opportunity to put things right not just for the individual complainant but for the wider community.
- 6.2 The table below shows the number of complaints received since April 2014 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 charges for transport to the day centres in April 2016.

Table 11

	2014/15	2015/16	2016/17	2017/18
<b>Sundry Debtors/Income</b>				
Justified	15	10	7	2
Unjustified	1	3	4	2
<b>Total</b>	<b>16</b>	<b>13</b>	<b>11</b>	<b>4</b>
<b>Accounts Payable</b>				
Justified	2	-	-	-
Unjustified	2	2	1	1
<b>Total</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Financial Assessment &amp; Management</b>				
Justified	24	14	14	20
Unjustified	3	3	12	5
<b>Total</b>	<b>27</b>	<b>17</b>	<b>26</b>	<b>25</b>
<b>Appointee &amp; Deputyship</b>				
Justified	3	2	-	1
Unjustified	-	-	1	-
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>

- 6.2 Surveys will be carried out in quarter two and will be reported on in November 2018.

## 7. SUSTAINABILITY/IMPACT ASSESSMENTS

None

## 8. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 8.1 The Single Financial Assessment Unit carries out timely and accurate financial assessments so that the adults receiving social care and support are informed as early as possible how much they are required to pay towards their care.
- 8.2 The Accounts Payable team are responsible for making direct payments to vulnerable adults, children with disabilities, foster carers and care homes. By ensuring the correct payments are made on time there is no impact on vulnerable adults or children.
- 8.3 The Appointee and Deputyship team provides services to vulnerable adults who lack the capacity to manage their finances. Prompt submission of court and DWP applications ensures that the risk of financial abuse is removed as early as possible.

8.4 The Appointee and Deputyship team also carries out protection of property in order to prevent or mitigate the loss or damage to property belonging to adults in Bromley who are receiving care an support from the Council or are in hospital and no suitable arrangements have been made.

## 9. POLICY IMPLICATIONS

9.1 Although annual changes to the Council's Personal Budget and Contribution's policy, impact on the work undertaken by the contractor these are generally not significant enough to affect the contract price.

9.2 From 1<sup>st</sup> October 2017, changes were introduced to the Civil Procedure Rules in relation to pre-action protocols where the defendant is an individual or sole trader. The protocols clearly define how organisations (including public bodies) must communicate with a debtor before they take legal action. Failure to comply could reduce the level of costs awarded by the court where the claim is defended. Liberata have confirmed they are complying with the new protocols and there has been no impact on the contract price.

## 10. COMMISSIONING & PROCUREMENT CONSIDERATIONS

10.1 LBB officers are preparing for the expiration of the Exchequer Contract on 31<sup>st</sup> March 2020 and met with potential suppliers on 13<sup>th</sup> October 2017 as part of the soft market testing.

10.2 A Gateway report will be considered by the Executive on 11<sup>th</sup> July 2018 with the tendering due to commence in October 2018.

## 11. FINANCIAL IMPLICATIONS

11.1 For 2017/18 the contract overspent by £14k. This was offset by underspends within the service as reported in the Provisional Outturn report for 2017/18.

## 12. PERSONNEL IMPLICATIONS

None

## 13. LEGAL IMPLICATIONS

13.1 This report is a contract performance report for Exchequer Services and is submitted in compliance with rule 23 of the Contract Procedure Rules which requires an annual update report to be submitted when the value of the contract is in excess of £1 million.

<b>Non-Applicable Sections:</b>	7 and 12
Background Documents: (Access via Contact Officer)	Appendices 1 - 7