

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

Date: Wednesday 11 September 2019

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

Title: EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT

Contact Officer: Claudine Douglas-Brown, Assistant Director: 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

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1st April 2018 to 31st March 2019.
- 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.

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 – Payment, Income and Charging
 4. Total current budget for this head: £1.49m
 5. Source of funding: Existing Budget 2018/19
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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 2018 to 31st March 2019.
- 3.2 The Exchequer Client Unit, 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 Assistant Director, 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 31st March 2019, there were 2,827 invoices outstanding totalling £8.55m. Of the total amount, £3.61m (42.26%) had been outstanding for less than 30 days.
- 4.1.2 As at 31st March 2019, the amount recovered in respect of invoices raised between 1st April 2018 and 31st March 2019 was £47.7m or 86.6% against a target of 92%.
- 4.1.3 The shortfall of 5.4% of £2.96m was as a result of the following factors which adversely affected in-year collection:
- A high volume of invoices totalling £3.09m were raised in the last 14 days of March 2019. Debts raised this close to 31st March 2019 are unlikely to be settled before the end of the financial year.
 - Community Infrastructure Levy debts (CIL) totalling £328k were raised before 31st March 2019 but were not payable until after this time.
 - Disputed debts totalling £678k were on hold pending investigations and responses from departments and could not be recovered.
 - A total of £225k was secured by Charging Orders placed on debtors properties

Table 1 Unadjusted Collection Rate

	2015/16	2016/17	2017/18	2018/19
31st March Performance	92.9%	87.5%	86.6%	86.6%
Target	90%	91%	92%	92%

Table 2 Adjusted Collection Rate

	2015/16	2016/17	2017/18	2018/19
31st March Performance	93.6%	91.4%	90.3%	88.6%
Target	90%	91%	92%	92%

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 88.6% which remains under target. However, if you further adjust collection to exclude those invoices raised in the last 14 days of the financial year, collection rises to **94%**.

4.1.5 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2015-16 through to 2018-19.

4.1.6 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2015-16 through to 2018-19.

Aged Debt as at 31st March 2019

4.1.7 The out-of-year collection rate across all financial years was 99.47% with £8.02m collected in 2018/19. There are a number of factors which continue to affect out-of-year collection:

- £1.1m 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
- £591k has been recommended for write off

4.1.8 Table 3 shows the movement in the out-of-year debt outstanding as at 31st March for the last year along with the overall % reduction from 31st March 2018 to 31st March 2019.

Table 3

	31-Mar-18	31-Mar-19	Reduction since 31/03/18
	£,000	£,000	%
Pre 2015	1,229	950	23%
2015/16	439	304	31%
2016/17	804	517	36%
2017/18	8,343	1,021	88%
Total	10,815	2,792	74%

4.1.9 **Appendix 4** shows the overall recovery position of debts in each financial year up to 31st March 2019.

4.1.10 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.

4.1.11 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.

Utilities

4.1.14 The total debt for utilities was £147k as at 31st March 2019, representing a 53% (£169k) reduction from last year. The largest reduction in debt has been on the British Telecom account which has reduced from £156k to £19k. This is a much improved position since 31st March 2018.

4.1.15 **Appendix 5** shows a summary of Utility debts as at 31st March 2019.

Income

4.1.16 The Income Team raised 10,718 sundry invoices with a value of £57.46m from 1st April 2018 to 31st March 2019.

4.1.17 During the same period, 1,292 invoices relating to all financial years with a total value of £2.99m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

4.1.18 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2018 to 31st March 2019 compared to the same periods in the previous four financial years.

4.1.19 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2018 to 31st March 2019 compared to the same periods in the previous four financial years.

4.1.20 The outstanding debt for Trade Waste was £117k as at 31st March 2019. Table 4 provides an analysis of the outstanding debt compared to the same time last year.

4.1.21 The total debt has decreased by 12.6% (£17k) since 31st March 2018. With the option of paperless Direct Debit facility on the Aspien Debt Management System, we expect the take-up of Direct Debit to continue to increase.

Table 4

Age Analysis of Trade Balance	As at 31st March 2018	As at 31st March 2019	Variance	
			£k	%
Under 30 days old	£1K	£K	-£1K	-1.02%
Invoices 31-365 days old	£9K	£20K	£11K	8.42%
Invoices over 1 year old	£123K	£96K	-£27K	-20.01%
Total	£133K	£117K	-£17K	-12.60%
Recovery Status of Trade Balance				
Payment arrangements/Direct Debits	£K	£K	£K	
Invoices in dispute	£22K	£13K	-£10K	-7.35%
Awaiting cancellation	£5K	£K	-£5K	-4.11%
Awaiting write off	£26K	£43K	£17K	12.37%
Active Recovery	£79K	£61K	-£18K	-13.52%
Total	£133K	£117K	-£17K	-12.60%

Nightly Paid Accommodation Charges

- 4.1.22 The outstanding debt for Nightly Paid Accommodation charges as at 31st March 2019 was £5.5m for current and former occupiers which was an increase of £628k (12.79%) on the previous year. Table 6 gives a breakdown of the outstanding debt as at 31st March 2018 and 31st March 2019.
- 4.1.23 The collectable rent amount continued to grow and increased by £888k (11.41%) from 31st March 2018. Despite this increase, both Housing Benefit and Cash Payments also increased in the same period; Housing Benefit by £1.02m (21.30%) and Cash Payments by £496k (29.85%).
- 4.1.24 An additional factor affecting the level of Housing Benefit payments is the number of clients that are on Universal Credit where they 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.
- 4.1.25 There continues to be an increase in the number of clients in temporary accommodation with the number of current clients increasing from 755 in March 2018 (accounts) to 939 in March 2019, an increase of 184 or 24% during the year.
- 4.1.26 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 which has been delayed to October 2019. The system once implemented 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 5

	31 March 2018	31 March 2019	Variance	
Charges raised for current year	£7,783,476	£8,671,275	£887,799	11%
Charges raised and arrears brought forward for previous years	£3,772,250	£4,955,279	£1,183,029	31%
Payments received from debtors	-£1,660,234	-£2,155,760	-£495,526	30%
Housing Benefit awards	-£4,786,732	-£5,806,531	-£1,019,799	21%
Sub total	£5,108,760	£5,664,264	£555,504	11%
Less combined total debts written on/off	-£198,325	-£125,596	£72,729	-37%
Total	£4,910,435	£5,538,667	£628,232	13%

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 BV8 summary covering the period from 1st April 2018 to 31st March 2019 is shown below. This shows that the percentage of undisputed invoices that were paid within 30 days was 98%, against a target of 98%. The percentage of invoices paid within 20 days was 96%.

Table 6

Manuals	Target: 98%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Adult and Community Services *		0	3	3	100%	0	3	3	100%
Corporate Services		0	17	17	100%	0	17	17	100%
Children & Young People +		0	10	10	100%	0	10	10	100%
Environment and Leisure		0	0	0	0%	0	0	0	0%
R&R (Inc. Libraries & LE/PP)		0	0	0	0%	0	0	0	0%
Payroll (R05 - R20)		0	105	105	100%	0	105	105	100%
Utilities		0	22	22	100%	0	22	22	100%
Confirm (Highways, IS, Property)		6	1,662	1,668	100%	6	1,162	1,168	99%
		6	1,819	1,825	100%	6	1,319	1,325	100%
I-Proc	Target: 98%								
Adult and Community Services *		11	408	419	97%	19	100	119	84%
Corporate Services		6	216	222	97%	27	195	222	88%
Children & Young People +		23	557	580	96%	46	534	580	92%
Environment and Leisure		10	239	249	96%	19	230	249	92%
R&R (Inc. Libraries & LE/PP)		12	140	152	92%	22	130	152	86%
		62	1,560	1,622	96%	133	1,189	1,322	90%
Carefirst	Target: 98%								
T01		0	45	45	100%	0	45	45	100%
T04		3	409	412	99%	3	409	412	99%
T05		7	1,059	1,066	99%	16	1,050	1,066	98%
		10	1,513	1,523	99%	19	1,504	1,523	99%
Adults	Target: 98%								
T02		0	57	57	100%	2	55	57	96%
		0	57	57	100%	2	55	57	96%
Cumulative YTD Total		681	44,355	45,036	98%	1,565	42,671	44,236	96%

4.2.3 Table 7 below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2018 to 31st March 2019 was 91% which is an increase of 1% compared to the previous year. The number of cheque payments made continues to reduce year on year.

4.2.4 Officers recognise that it is more cost effective to make payments by BACS and are working with Liberata to continue to reduce the number of cheque payments further.

4.2.5 Although it will still be necessary to make some cheque payments, by adopting a default position of paying all refunds by BACS except for in exceptional circumstances, this will significantly reduce the number of cheque payments.

Table 7

Month	2017/18				2018/19			
	BACS		Cheques		BACS		Cheques	
	No.	%	No.	%	No.	%	No.	%
Apr	2,326	90%	272	10%	2,817	94%	190	6%
May	2,537	87%	375	13%	2,607	91%	253	9%
Jun	2,337	90%	273	10%	2,296	91%	235	9%
Jul	2,417	91%	234	9%	2,779	92%	248	8%
Aug	2,593	90%	281	10%	2,277	89%	286	11%
Sep	2,378	90%	269	10%	2,597	93%	209	7%
Oct	2,421	91%	239	9%	2,470	91%	252	9%
Nov	2,377	89%	305	11%	2,559	90%	300	10%
Dec	2,510	92%	204	8%	2,202	92%	188	8%
Jan	3,142	93%	246	7%	3,257	93%	244	7%
Feb	2,183	90%	248	10%	2,436	92%	217	8%
Mar	2,931	89%	355	11%	2,893	90%	308	10%
Total	30,152	90%	3,301	10%	31,190	91%	2,930	9%

Plans for ongoing improvements

4.2.6 The Exchequer Client Unit and Liberata have been working closely with officers in Commissioning to introduce pre-paid cards for direct payments and other social care payments such as leaving care payments. Implementation is due to take place during September and once fully implemented it will improve the quality of the information available for monitoring direct payment expenditure, make the processes more efficient and less onerous for recipients for direct payments.

4.3 Financial Assessment and Charging

4.3.1 The Key Performance Indicator figures for the team covering the period from 1st April 2018 to 31st March 2019 are shown in table 8 below.

4.3.2 The online Care Assess form, which captures data in relation to social services referrals and the length of time taken to complete financial assessments, showed a reduction in performance during 1st April 2018 to 31st March 2019. Unfortunately the drop in performance was as a consequence of losing experienced members of staff during a critical time of the year. Referrals from Social Services to the team increased by 2% which also had an impact on performance.

Table 8

Indicator	Target	Actual 2016/17	Actual 2017/18	Actual 2018/19
Complete Financial Assessments within 10 working days	100%	92%	95%	80%
Produce the charging file from CareFirst weekly	100%	100%	97%	100%

4.3.3 The Exchequer Client Unit is working closely with Liberata to implement a revised recovery plan that will ensure performance is brought back to the required level by the end of quarter two of 2019/20.

Plans for ongoing improvements

4.3.4 Liberata's Quality and Appeals (QA) team were made responsible for independently carrying out quality checking of the assessments undertaken by the Financial Assessment team, following concerns raised by the Exchequer Client Unit. The results which are held on a central database enable Liberata to focus training and development on areas of concern.

4.3.5 Information@Work Data Management System (DMS) is currently being tested, with implementation expected in the next few months. This will enable Liberata to manage the work load via DMS and work flow to ensure KPI's are being maintained.

4.3.6 The online financial assessment form is due to be implemented by the end of September. This will streamline the process for providing financial information and improve the service for social care customers.

4.4 Appointee and Deputyship

4.4.1 The Key Performance Indicator figures for the team covering the period from 1st April 2018 to 31st March 2019 are shown in table 9 below which shows the service continues to perform well.

Table 9

Indicator	Target	Actual 2016/17	Actual 2017/18	Actual 2018/19
Referral of applications received to the Panel within 14 working days	100%	97%	100%	100%
Raise invoices for charges within 2 months of the anniversary of the court order	100%	100%	100%	99%

Plans for ongoing improvements

- 4.4.2 Moving to Lloyds Commercial Banking Online for all our clients' payments and invoices has added further efficiencies and improved transaction times. The time taken to make payments to and on behalf of clients has significantly reduced. Also the process for setting up Direct Debits and Standing Orders has been streamlined and is no longer paper based.
- 4.4.3 During quarter four of 2018/19 Liberata commenced joint working with the Hounslow Appointee and Deputyship service. This has resulted in the sharing of expertise between the two authorities, identifying best practice and enhanced resilience between the two contracts.
- 4.4.4 Increased utilisation of the Visiting Officers from our Corporate Visiting Team (CVT) for routine visits such as property protection and collecting documents. This enables experienced Appointee and Deputyship staff to focus on casework instead of spending time out of the office.

5. USER/STAKEHOLDER SATISFACTION

- 5.1 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.
- 5.2 The table below shows the number of complaints received since April 2015 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low. There was an increase in the number of complaints received by the Income and Recovery team in relation social care debts due from deceased clients. These cases are highly sensitive and despite our best efforts, complaints are often received from families and representatives in response to requests for payment.
- 5.3 Liberata strive to deal with such cases with extra care and consideration and will continue to improve processes based on feedback received, where appropriate.

Table 10

	2015/16	2016/17	2017/18	2018/19
Sundry Debtors/Income				
Justified	10	7	2	6
Unjustified	3	4	2	8
Total	13	11	4	14
Accounts Payable				
Justified	-	-	-	-
Unjustified	2	1	1	-
Total	2	1	1	-
Financial Assessment & Management				
Justified	14	14	20	6
Unjustified	3	12	5	2
Total	17	26	25	8
Appointee & Deputyship				
Justified	2	-	1	-
Unjustified	-	1	-	-
Total	2	1	1	-

Surveys

- 5.2.3 During August 2018 Liberata on behalf of the London Borough of Bromley contacted a selection of Council Service users to invite them to take part in an online Customer Survey.
- 5.2.4 Invitations to participate in the survey were sent to 955 Accounts Payable customers and 400 Income & Recovery customers. The invitations were sent by email or letter with a link to the online survey form to be completed. In addition telephone callers who contacted one of the services during the survey period were also offered the opportunity to participate.
- 5.2.5 They were offered either to be sent a link via email to the survey form or a member of staff offered to take the caller through the questions and complete the online survey form with them if they preferred. This ensured that users without a touch-tone telephone, online access, or those who were visually impaired were also able take part in the survey. There were 46 surveys completed representing a 3.4% return rate.
- 5.2.6 Out of a possible score of 350 for satisfaction levels the Accounts Payable received a score of 301 or 86%, with Foster carers giving a score of 100%.
- 5.2.7 Some of the comments made by separate customers when asked what they felt would improve their experience when dealing with the Accounts Payable Team are listed below:
- The customer service is already excellent, compared to other boroughs.
 - There is no need to change anything and creating unnecessary surveys just causes stress to the workforce and additional costs.
 - The accounts team were great. I think the social work team were the ones who caused me difficulties at times. I am no longer going to do any work for you.
 - I have been most impressed with the way my invoices have been processed and the timeliness of payment - many thanks to all the finance colleagues.
 - We receive an excellent service. Accurate and very prompt payments. We are delighted with the service we receive. Thank you
 - It's not the accounts payable team, but the Gen2 Project Management team where the issues seem to be - probably under resourced.
 - Not really, I think things are working well for me.
- 5.2.8 As only two customers responded to the Income & Recovery questions this does not give enough information to provide meaningful analysis.
- 5.2.9 There were no participants selected from the Financial Assessment and Charging Service in the survey at this time unless they also randomly fell into one of the other services. A separate survey will be completed for this service during 2019/20.

6. SUSTAINABILITY/IMPACT ASSESSMENTS

None

7. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 7.1 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.
- 7.2 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.
- 7.3 The Appointee and Deputyship Team provide 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.
- 7.4 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.

8. POLICY IMPLICATIONS

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 to affect the contract price.

9. COMMISSIONING & PROCUREMENT CONSIDERATIONS

- 9.1 The Exchequer Contract is due to expire on 31st March 2020.
- 9.2 Recommendations for the contract award were presented to the Executive on 2nd August 2019. LBB officers are continuing to prepare for the commencement of the new contract.

10. FINANCIAL IMPLICATIONS

- 10.1 The services provided through the Exchequer Services Contract deals with significant financial transactions with examples illustrated below:
- Accounts Payable - £500m
 - Sundry debts (income) - £65m
 - Financial Assessments - £14m
 - Appointee and Deputyship - £3m

- 10.2 For 2018/19, the contract spent to budget.

11. PERSONNEL IMPLICATIONS

None

12. LEGAL IMPLICATIONS

- 12.1 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.

Non-Applicable Sections:	6 and 11
Background Documents: (Access via Contact Officer)	Appendices 1 - 7