

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

**Date:** Wednesday 22 June 2022

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

**Title:** EXCHEQUER SERVICE - CONTRACT PERFORMANCE

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

**Ward:** All Wards

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1. Reason for decision/report and options

- 1.1 This report provides information regarding Liberata's performance in the provision of Exchequer Services for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.
- 1.2 A letter from Amanda Inwood-Field, Liberata's London Regional 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 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: The Exchequer Service impacts on adults receiving social care, adults who lack mental capacity to manage their finances and the Council's suppliers/customers.
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## Transformation Policy

1. Policy Status: Existing Policy:
  2. Making Bromley Even Better Priority (delete as appropriate):  
  
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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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: £1.91m
  5. Source of funding: Existing budget 2021/22
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## Personnel

1. Number of staff (current and additional): 5fte 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  
  
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: None
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## Property

1. Summary of Property Implications: None
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## Carbon Reduction and Social Value

### 1. Summary of Carbon Reduction/Sustainability Implications:

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#### Customer Impact

1. Estimated number of users or customers (current and projected): 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 amounts 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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.
- 3.2 The Exchequer Client Unit monitor the contractor's compliance against the contract to ensure that services are provided to the required standard, 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 Charging
  - Appointee and Deputyship

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

- 3.5.1 The Sundry Debts performance is measured on the amounts recovered at the end of each reporting period. At the 31<sup>st</sup> March 2022, there were 4,215 invoices outstanding totalling £20.14m. Of the total amount, £9.94m (49.36%) had been outstanding for less than 30 days.
- 3.5.2 As at 31<sup>st</sup> March 2022, the amount recovered in respect of invoices raised between 1<sup>st</sup> April 2022 and 31<sup>st</sup> March 2022 was £58.96m or 80.68%. This is an increase of 9.19% (£12.21m) when compared with 2020/21.
- 3.5.3 The table below lists the debts where Liberata were unable to pursue recovery action. In addition, invoices totalling £6.41m, were raised within the last 14 days of the month which means recovery action would not have taken place yet. In addition, £1.2m of residential care charges that would normally have been raised earlier in the year were raised in March due to the transition to the new Social Care IT system. These factors adversely affected in-year collection.

Table 1

Description	No. of Invoices	Value of Invoices
Invoices raised during the last 14 days of the month	773	£6,407,617
Community Infrastructure Level (CIL) invoices due after the 30th September 2021	7	£188,851
Disputed and Escalated debts	318	£2,550,858
Debts placed on hold by LBB Departments	42	£106,190
Debts secured by Charging Order	2	£2,975
Debts referred for Write Off	12	£19,706
<b>Total</b>	<b>1,154</b>	<b>£9,276,197</b>

3.5.4 Table 2 shows the in-year collection rate however to reflect Liberata's recovery performance it has been adjusted to take account of those debts where Liberata could not pursue payment. This gives a revised collection rate of 92.41% at 31<sup>st</sup> March 2022 which exceeded the target of 92%.

Table 2

	<b>As at 31/03/20</b>	<b>As at 31/03/21</b>	<b>As at 31/03/22</b>
<b>Unadjusted Collection Rate</b>	86.77%	71.49%	80.68%
<b>Adjusted Collection Rate</b>	<b>99.79%</b>	<b>83.13%</b>	<b>92.41%</b>

3.5.5 The suspension of enforcement action during the pandemic in addition to the increase in customers struggling financially affected the level of income collected however, with the easing of restrictions and the implementation of an income recovery plan, the collection performance has increased significantly when compared to the performance at the same time last year.

3.5.6 The Exchequer Client Unit continues to work closely with Liberata to ensure all possible action is taken to maximise collections.

3.5.7 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2019/20 through to 2021/22. This shows that the level of outstanding debt continues to reduce and remains lower than the same time last year.

3.5.8 **Appendix 3** shows the comparison between the number of invoices outstanding each month from April to March for the years 2019/20 through to 2021/22.

Aged Debt as at 31<sup>st</sup> March 2022

3.5.9 The out-of-year collection rate across all years was 99.15% with £18.5m collected up to the end of March 2022. The factors which continue to affect out-of-year collection are shown below. Once these were excluded the adjusted collection rate was 99.75%.

Table 3

<b>Description</b>	<b>Value of Invoices</b>
Disputed and Escalated debts	£2,575,546.32
Debts referred for Write Off & awaiting cancellation	£1,205,502.41
Debts placed on hold by LBB Departments	£74,727.87
Debts with LBB's Legal Team	£77,088.61
Debts secured by Charging Order	£318,654.92
<b>Total</b>	<b>£4,251,520.13</b>

3.5.10 Table 4 shows the movement in the out-of-year debt for the year 1<sup>st</sup> April 2021 31<sup>st</sup> March 2022 along with the overall percentage reduction.

Table 4

Fin Year	31-Mar-21	31-Mar-22	Reduction since 31/03/21
	£,000	£,000	%
<b>Pre 2017</b>	1,409	1,333	5%
<b>2017/18</b>	722	689	5%
<b>2018/19</b>	652	576	12%
<b>2019/20</b>	3,052	1,017	67%
<b>2020/21</b>	18,657	2,411	87%
<b>Total</b>	<b>24,492</b>	<b>6,026</b>	<b>75%</b>

3.5.11 **Appendix 4** shows the overall recovery position of debts in each financial year up to 31<sup>st</sup> March 2022. The total debt outstanding is £4.3m less than it was at the 31<sup>st</sup> March 2021 however the debts in dispute or on hold at the request of the service department continues to remain high. We are working with Liberata and the service departments to resolve queries and disputes as quickly as possible so that recovery action can continue.

3.5.12 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.

#### Utilities

3.5.13 The total debt outstanding for Utilities was £334k as at 31<sup>st</sup> March 2022, which was £97k higher than the previous year. For the period 1<sup>st</sup> April to 31<sup>st</sup> March 2022 Liberata issued 239 invoices compared to 138 the previous year. Liberata are continuing to pursue payment and are liaising with the service department in respect of the disputed invoices.

3.5.14 **Appendix 5** shows a summary of Utility debts on 31<sup>st</sup> March 2022.

#### Income

3.5.15 The Income Team raised 11,591 sundry invoices (excluding the Trade Refuse service) with a value of £73.1m from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.

3.5.16 During the same period, 1,582 invoices relating to all financial years with a total value of £8.47m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.

3.5.17 **Appendix 6** shows the value of invoices raised month by month for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 compared to the same periods in the previous two financial years.

3.5.18 **Appendix 7** shows the number of invoices raised month by month for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 compared to the same periods in the previous two financial years.

3.5.19 The outstanding debt for Trade Waste was £158k as at 31<sup>st</sup> March 2022. Table 5 provides an analysis of the outstanding debt and compares it to the position as at 31<sup>st</sup> March 2021. This shows that the debt was £16k higher than the previous year but this can be largely attributed to the £13k increase in disputed debts which are being followed up with the service department.

Table 5

Age Analysis of Trade Balance	As at 31st March 2021	As at 31st March 2022	Variance	
			£k	%
Under 30 days old	2,066	357	-1,709	
Invoices 31-365 days old	49,707	50,207	500	
Invoices over 1 year old	90,311	107,834	17,523	
<b>Total</b>	<b>142,085</b>	<b>158,398</b>	<b>16,313</b>	<b>11.48%</b>
<b>Recovery Status of Trade Balance</b>				
Payment arrangements/Direct Debits	1,416	689	-727	
Invoices in dispute	26,614	39,669	13,056	
Awaiting cancellation	0	0	0	
Awaiting write off	40,395	37,850	-2,545	
Active Recovery	73,660	80,191	6,531	
<b>Total</b>	<b>142,085</b>	<b>158,398</b>	<b>16,313</b>	<b>11.48%</b>

### Nightly Paid Accommodation Charges

3.5.20 The outstanding debt for Nightly Paid Accommodation charges as at 31<sup>st</sup> March 2022 was £8.3m for current and former occupiers. Table 6 gives a breakdown of the outstanding debt as at 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 which shows an increase of £930k.

Table 6

	As at 31 March 2021	As at 31 March 2022	Variance %
Charges raised for current year and arrears brought forward for previous years	£15,245,135	£18,625,840	22.18%
Payments received from debtors	-£1,569,495	-£1,631,261	3.94%
Housing Benefit awards	-£6,200,745	-£8,587,793	38.50%
<b>Sub total</b>	<b>£7,474,895</b>	<b>£8,406,786</b>	<b>12.47%</b>
Less combined total debts written on/off	-£17,097	-£118,675	594.13%
<b>Total</b>	<b>£7,457,798</b>	<b>£8,288,111</b>	<b>11.13%</b>

3.5.21 The number of clients moving into Temporary Accommodation has increased throughout the pandemic to date. There was a 23% rise, consequently, the collectable rent also increased by a similar percentage. Housing Benefit payments increased in the same period by £2.39m (38.5%) and the cash collected increased by 62K (3.94).

3.5.22 The Coronavirus Act 2020 introduced on 26<sup>th</sup> March 2020 adversely affected the collection of rent charges. Initially, the prevention of any eviction proceedings meant that non-paying tenants were permitted to remain in temporary accommodation thereby accruing charges. Liberata and Housing were unable to issue Notices to Quit or follow through with any pending eviction proceedings. On 29<sup>th</sup> August 2020, the guidance changed to allow notice to be given where arrears levels had reached the value of a minimum of 6 months' rent due to non-payment. Notice periods were gradually reduced and returned to pre-COVID lengths on 1<sup>st</sup> October 2021 however the impact of the Coronavirus Act 2020 is still evident.

3.5.23 In addition to the impact referred to above, this type of debt means that often payment arrangements are for very small instalments over long periods of time. Tenants have issues with affordability and do not possess the assets to enable successful enforcement or legal action. Although Liberata have always conducted searches on untraceable tenants, a new

and more efficient process has been introduced with tenant details automatically passed through systems cyclically over a period of 6 months. Where tenants are located the appropriate action is taken immediately.

3.5.24 Liberata have been working with the Council to improve the functionality of the Housing system and as a result, Liberata are now issuing 4-weekly bulk statements resulting in an increase in contact from tenants. Since April 2022 tenants have been able to make online payments however the most popular request from tenants is a payment card. This is being considered along with Direct Debit facilities and a Customer Portal.

### 3.6 Accounts Payable

3.6.1 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.

3.6.2 A performance summary covering the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 is shown in the table below. This shows that the percentage of undisputed invoices paid within 30 days was 97%, against a target of 99%. There was a slight dip of 1% when compared to 2020/21 and this can be attributed to the transition to the new Social Care IT system.

Table 7

Target: 99%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
<b>Manuals</b>	67	13,164	13,231	99%	170	13,061	13,231	99%
<b>I-Proc</b>	252	11,619	11,871	98%	440	11,431	11,871	96%
<b>Carefirst/ContrOCC</b>	648	11,645	12,293	95%	980	11,313	12,293	92%
<b>Adults</b>	10	369	379	97%	40	339	379	89%
<b>Cumulative YTD Total</b>	<b>977</b>	<b>36,797</b>	<b>37,774</b>	<b>97%</b>	<b>1,630</b>	<b>36,144</b>	<b>37,774</b>	<b>96%</b>

3.6.3 Table 8 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 2021 to 31<sup>st</sup> March 2022 was 96%. This is an increase in BACS payments of 1% compared to last year.

3.6.4 The number of payments made by cheque continues to reduce year on year and officers will continue to work with Liberata to reduce this further.

3.6.5 Liberata worked closely with Council Officers in Finance on the implementation of Oracle Fusion which went live at the end of April. The system has provided new functionality which includes a supplier portal and automatic information capture from supplier invoices, both of which will help to improve supplier set up and invoice processing.

Table 8



Month	2020/21				Month	2021/22			
	BACS Count	BACS %	Cheque Count	Cheque %		BACS Count	BACS %	Cheque Count	Cheque %
April	2,917	97%	93	3%	April	2,454	96%	94	4%
May	2,531	95%	134	5%	May	2,522	95%	123	5%
June	2,566	95%	140	5%	June	2,874	96%	123	4%
July	2,688	95%	140	5%	July	2,516	96%	105	4%
Aug	2,220	95%	154	5%	Aug	2,242	96%	83	4%
Sept	2,739	94%	161	6%	Sept	2,953	97%	99	3%
Oct	2,710	94%	164	6%	Oct	2,535	96%	101	4%
Nov	2,702	95%	151	5%	Nov	2,315	95%	126	5%
Dec	2,972	96%	114	4%	Dec	3,063	98%	73	2%
Jan	2,672	97%	91	3%	Jan	2,474	96%	101	4%
Feb	2,627	95%	139	5%	Feb	2,870	98%	73	2%
Mar	3,460	95%	187	5%	Mar	3,286	95%	172	5%
	<b>32,804</b>	<b>95%</b>	<b>1,668</b>	<b>5%</b>		<b>32,104</b>	<b>96%</b>	<b>1,273</b>	<b>4%</b>

### 3.7 Financial Assessment and Charging

3.7.1 The Key Performance Indicator figures for the team covering the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 are shown in table 9 below.

Table 9

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22
Complete Financial Assessments within 10 working days	100%	65%	89%	97%
Produce the charging file from CareFirst weekly	100%	100%	100%	100%

3.7.2 Performance continued to improve towards the end of the financial year after the implementation of an automated Workflow Manager which supported Liberata's ability to achieve the KPI month on month. However, the implementation of the new Financial Assessment system ContrOCC in November 21, resulted in some technical issues which led to processing delays. Both Liberata and the Council have been working to resolve any remaining system issues.

3.7.3 Although there have been some system issues, the new system has also provided the following improvements:

- A reduction in data input leading to faster processing.
- A reduction in manual intervention reducing the risk of human error.
- The time taken to complete the annual uplift of charges has reduced by approximately 50%.
- Automated calculations and production of letters.

3.7.4 The increased resourcing levels implemented by Liberata remain in place. This has enabled them to maintain a high level of service within the Financial Assessment service. The resilience

created has supported their focus on both processing and quality checking, which both play a pivotal role in their compliance framework. Liberata's Quality Officer carries out targeted quality checks on the existing team with a higher level of checking undertaken on new starters or upskilled employees.

3.7.5 The online financial assessment form and evidence upload facility has been implemented and Liberata have seen a steady increase in usage of these facilities. The online form prompts a customer to provide specific evidence meaning officers will not have to request additional documentation at a later stage. This will have a positive effect on the processing times of the applications. Liberata are currently investigating whether Robotic Process Automation (RPA) can assist with the assessment process, which will further reduce processing days when finalising the contributions.

3.7.6 Over the next few months the Exchequer Client Unit will be working closely with Liberata Project Managers to prepare for the forthcoming Social Care Reforms. From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime and will also include an extended means test. These changes are likely to significantly increase the current case load, therefore it will be important to ensure the use of automation is maximised.

### 3.8 Appointee and Deputyship

3.8.1 The Key Performance Indicator figures for the team, covering the year to 31<sup>st</sup> March 2022, are shown in table 10 below which shows the service continues to perform well.

3.8.2 The move to the Information@Work DMS and the shift to client e-files have both resulted in significant improvements in managing documents more effectively and efficiently.

3.8.3 The Caspar application, which is used for case management, will be migrated to a Cloud solution later this year. Liberata will explore whether the new Cloud based solution offers any scope for automating and streamlining the bank reconciliation process.

Table 10

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22
Referral of applications to the Panel within 14 working days	100%	100%	100%	100%
Raise invoices within 2 months of the anniversary of the court order	100%	100%	100%	100%

### 3.9 Users/Stakeholder Satisfaction

3.9.1 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.

3.9.2 The table below shows the number of complaints received since April 2019 split between justified and unjustified. For the range of services being provided the numbers of complaints are relatively low.

- 3.9.3 The increase in the number of complaints was during the transition to the new Care Management system however 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 11

	2019/20	2020/21	2021/22
<b>Sundry Debtors/Income</b>			
Justified	4	6	7
Unjustified	3	2	3
<b>Total</b>	<b>7</b>	<b>8</b>	<b>10</b>
<b>Accounts Payable</b>			
Justified	-	-	-
Unjustified	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assessment &amp; Charging</b>			
Justified	13	7	13
Unjustified	5	6	12
<b>Total</b>	<b>18</b>	<b>13</b>	<b>25</b>
<b>Appointee &amp; Deputyship</b>			
Justified	-	-	-
Unjustified	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The Single Financial Assessment Unit are required to carry 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. When there are delays in completing financial assessments or providing information this can cause distress or anxiety for clients and their families.
- 4.2 The Accounts Payable Team are responsible for making direct payments to vulnerable adults, children with disabilities, foster carers and care homes. Making the correct payments on time ensures there is no impact on vulnerable adults or children.
- 4.3 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.
- 4.4 The Appointee and Deputyship Team also carries out protection of property to prevent or mitigate the loss or damage to property belonging to adults in Bromley who are receiving care and support from the Council or are in hospital and no suitable arrangements have been made.

#### 5. TRANSFORMATION/POLICY IMPLICATIONS

- 5.1 One of the "Making Bromley Even Better" ambitions is to manage our resources well, providing value for money, efficient and effective services for Bromley's residents. To achieve this, we will

ensure robust contract management with a focus on efficiency and innovation to improve services for Bromley residents.

## 6. FINANCIAL IMPLICATIONS

6.1 The services provided through the Exchequer Services Contract referred to within this report deal with significant financial transactions with examples illustrated below:

- Accounts Payable - £500m per annum
- Sundry debts (income) - £73m per annum
- Financial Assessments - £14m per annum
- Appointee and Deputyship - £3m per annum

6.2 The budget provision for 2021/22 was £1.91m.

## 7. LEGAL IMPLICATIONS

7.1 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.

## 8. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

8.1 As part of the initiative to achieve greener ICT Liberata moved their systems to data centres compliant with ISO 14001 standards, an internationally agreed standard that sets out the requirements for an environmental management system. This helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

8.2 The My Bromley account software supports 7,268 subscribers to e-billing, reducing paper production and postal service reliance. Officers continue to work with Liberata on projects to increase back-office automation and further reduce paper volumes.

8.3 Liberata also supports staff to volunteer for local organisations, such as Age Concern befriending scheme.

## 9. CUSTOMER IMPACT

9.1 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 amounts to an estimated 40,000 people.

<b>Non-Applicable Headings:</b>	Personnel implications, Procurement implications, Ward councillor views, Property implications
Background Documents: (Access via Contact Officer)	