

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

Date: Monday 16 January 2023

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

Title: EXCHEQUER SERVICE - CONTRACT PERFORMANCE
REPORT

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

Ward: (All Wards);

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 1st April 2022 to 30th September 2022 with an updated position as at 30th November 2022.
- 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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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: £2.163m
 5. Source of funding: Existing budget 2022/23
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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 Further Details

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

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): The services covered in this report affect those who owe general income to the Council, all 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 1st April 2022 to 30th September 2022 with an updated position as at 30th November 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 30th September 2022, there were 4,786 invoices outstanding totalling £18.39m. Of the total amount, £2.73m (14.87%) had been outstanding for less than 30 days.
- 3.5.2 As at 30th September 2022, the amount recovered in respect of invoices raised between 1st April 2022 and 30th September 2022 was £11.33m or 52.86%. This increased to 75.2% by 20th November 2022.
- 3.5.3 There were a number of debts where Liberata were unable to undertake recovery action. A high number and value of invoices were raised within the last 14 days of the month, £2.26m of which remained outstanding at 30th September 2022. The unrecoverable debts adversely affecting in-year collection are shown in Table 1 below.
- 3.5.4 In-year collection was also impacted by two large NHS invoices raised in August 2022 at a combined value of £4.27m which equates to almost 42% of the outstanding debt at 30th September 2022. NHS South East London ICB invoices go through their internal approval process and take approximately 30-45 days to pay. From January 2022, the Council have raised invoices of similar high values on a monthly basis in respect of the 'Better Care Fund' and the 'CCG Contribution to CSC placements'. Due to the time required to approve and pay these invoices they continually impact the total debt outstanding as well as in-year collection rates. This can be seen in the monthly value of outstanding debt shown in Appendix 2.

Table 1

Description	No. of Invoices	Value of Invoices
Invoices raised during the last 14 days of the month	321	£2,258,250.76
Community Infrastructure Level (CIL) invoices due after the 30th September 2022	8	£271,704.58
Disputed and Escalated debts	55	£544,779.14
Debts placed on hold by LBB Departments	12	£39,265.36
Debts secured by Charging Order	1	£90,992.98
Debts referred for Write Off	8	£3,056.07
Total	405	£3,208,048.89

3.5.5 Table 2 shows the in-year collection rate 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 62.17% at 30th September 2022.

3.5.6 On 30th November 2022, the adjusted in-year collection rate was 81.17%. As large value NHS invoices continue to be raised on a bi-monthly basis, in-year collection is continually affected by these. In addition, a backlog of Residential Care invoices totalling £2.9m were raised in October 2022.

Table 2

	As at 30/09/20	As at 30/09/21	As at 30/09/22	As at 30/11/22
Unadjusted Collection Rate	53.42%	70.72%	52.86%	75.20%
Adjusted Collection Rate	59.55%	83.92%	62.17%	81.17%

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 to 2022-23.

3.5.8 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2019-20 to 2022-23.

Aged Debt

3.5.9 The out-of-year collection rate across all financial years was 98.93% with £11.75m collected up to the end of September 2022. The factors which continue to affect out-of-year collection are shown below in Table 3. Once these were excluded the adjusted collection rate for September was 99.58% and 99.67% for November 2022.

Table 3

Description	Value of Invoices
Disputed and Escalated debts	£3,223,422.21
Debts referred for Write Off & Awaiting Cancellation	£1,358,167.86
Debts placed on hold by LBB Departments	£198,306.00
Debts with LBB's Legal Team	£78,118.00
Debts secured by Charging Order	£286,383.49
Total	£5,144,397.56

3.5.10 Table 4 shows the movement in the out-of-year debt for the year 1st April 2022 to 30th September 2022 along with the overall percentage reduction.

Table 4

Fin Year	30-Sep-22	30-Sep-21	Reduction since 30/09/21
	£,000	£,000	%
Pre 2018	1,717	2,022	15%
2018/19	458	576	20%
2019/20	709	1,017	30%
2020/21	2,111	2,411	12%
2021/22	3,397	14,117	76%
Total	8,392	20,143	58%

3.5.11 **Appendix 4** shows the overall recovery position of debts in each financial year up to 30th September 2022.

3.5.12 The debts in dispute or on hold at the request of the service department remains high however there has been a 16% reduction. The Exchequer Client Unit continue to work closely with Liberata and other LBB officers to resolve queries and disputes as quickly as possible so that recovery action can continue.

3.5.13 Cases that are escalated to the Exchequer Client Unit are discussed with senior LBB officers with regard to pursuing the debt or writing it off if it is uncollectable.

3.5.14 There has been an ongoing performance issue in relation to the low volume of county court claims being issued and the quality of the claims that are referred to the Exchequer Client Unit with 50% of them being returned with errors. This has been addressed with Liberata who have put a weekly managerial review in place to ensure there is improvement in this area.

Utilities

3.5.15 The total debt outstanding for Utilities as at 30th September 2022 was £350k which was £86k higher than the previous financial year. This was mainly caused by delayed payments from SGN Plc and Thames Water who have since paid £68k of the £99k that was outstanding. The debt over 30 days has since reduced from £270k to £196k.

3.5.16 **Appendix 5** shows a summary of Utility debts on 30th September 2022.

Income

- 3.5.17 The Income Team raised 4,837 sundry invoices (excluding the Trade Refuse service) with a value of £21.43m from 1st April 2022 to 30th September 2022.
- 3.5.18 During the same period, 394 invoices relating to all financial years with a total value of £1.67m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled.
- 3.5.19 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2022 to 30th September 2022 compared to the same periods in the previous three financial years.
- 3.5.20 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2022 to 30th September 2022 compared to the same periods in the previous three financial years.
- 3.5.21 The number of invoices raised had been lower than previous years for the same period due to delays in invoicing resulting from the ContrOCC system issues however they are now back in line with previous years.

Trade Waste

- 3.5.22 The outstanding debt for Trade Waste was £689k as at 30th September 2022. Table 5 provides an analysis of the outstanding debt and compares it to the position as at 30th September 2021. This shows that the debt was £62k higher than the previous year, however the debt had reduced to £459k by 30th November 2022.

Table 5

Age Analysis of Trade Balance	As at 30th September 2022	As at 30th September 2021	Variance	
	£	£	£	%
Under 30 days old	3,777	7,107	-3,330	
Invoices 31-365 days old	561,155	523,452	37,703	
Invoices over 1 year old	124,116	96,164	27,953	
Total	689,048	626,723	62,325	9.94%
Recovery Status of Trade Balance				
Payment arrangements/Direct Debits	374,166	419,020	-44,854	
Invoices in dispute	75,313	65,582	9,731	
Awaiting cancellation	32,915	10,287	22,627	
Awaiting write off	33,856	37,823	-3,967	
Active Recovery	172,799	94,011	78,788	
Total	689,048	626,723	62,325	9.94%

Nightly Paid Accommodation Charges

- 3.5.23 The outstanding debt for Nightly Paid Accommodation charges as at 30th September 2022 was £8.47m for current and former tenants. Table 6 gives a breakdown of the outstanding debt as at 30th September 2021 and 30th September 2022 which shows an overall decrease of £46k despite the continued growth in the number of tenants.

Table 6

	As at 30 September 2022	As at 30 September 2021	Variance %
Charges raised for current year and arrears brought forward for previous years	£13,182,064	£13,442,607	-1.94%
Payments received from debtors	-£748,570	-£784,481	-4.58%
Housing Benefit awards	-£3,953,277	-£4,039,142	-2.13%
Sub total	£8,480,216	£8,618,984	-1.61%
Less combined total debts written on/off	-£9,996	-£102,991	-90.29%
Total	£8,470,220	£8,515,993	-0.54%

3.5.24 Table 7 below shows that the number of current and former tenants increased from 3,687 in September 2021 to 3,969 in September 2022.

Table 7

Month/Year	Tenant Numbers			Increase on Prior Year %
	Currents	Formers	Total	
Sep-20	932	2,050	2,982	-
Sep-21	1,159	2,528	3,687	23.64%
Sep-22	1,075	2,894	3,969	7.65%

3.5.25 Eviction notice periods returned to pre-COVID lengths from 1st October 2021, but the impact of the Coronavirus Act 2020 is still evident; tenants often have larger debts at the point of the eviction due to recovery action being prevented during the pandemic.

3.5.26 Aside from the impact of the Coronavirus, payment arrangements being agreed with current and former tenants, are frequently for very small instalments over long periods of time thereby affecting collection rates. Tenants often have issues with affordability and do not possess the assets needed for successful enforcement of legal action. Where payment arrangements are offered, it is preferable to accept low repayments rather than writing the debt off.

3.5.27 Although Liberata have always conducted searches on untraceable tenants, a new and more efficient process was introduced this financial year; tenant details are automatically passed through systems cyclically over a period of 6 months. Where tenants are located, recovery action is immediately commenced or in cases where important information is obtained, e.g., bankruptcy or jailed tenants, reports are automatically issued to the Recovery Team and appropriate action taken.

3.5.28 Liberata continue to issue 4-weekly statements which have increased the level of contact with tenants. A handout is also being designed to be provided to all new tenants to include important information regarding the tenancy, such as applying for housing benefit and the payment process. Tenants are also signposted towards advice and financial help via the Council's internal Debt Advice service or external bodies.

3.5.29 Regular meetings are taking place between Liberata, the Exchequer Team and Housing to ensure any issues which may impact income collection are addressed at the earliest opportunity.

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 summary covering the period from 1st April 2022 to 30th September 2022 is shown below. This shows that the percentage of undisputed invoices that were paid within 30 days was 97%, against a target of 99%. The drop in performance has been due to the transition to the new financial system, Oracle Fusion, however Liberata are continuing to work with LBB officers to resolve any outstanding issues.

Table 8

Target: 99%	Invoices over 30	Invoices under 30	Total	%	Invoices over 20	Invoices under 20	Total	%
Manuals	65	5,952	6,017	99%	98	5,919	6,017	98%
I-Proc	326	4,769	5,095	94%	1,193	3,902	5,095	77%
CareFirst/LAS/LCS	39	3,926	3,965	99%	50	3,915	3,965	99%
Cumulative YTD	430	14,647	15,077	97%	1,341	13,736	15,077	91%

3.6.3 Table 9 below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2022 to 30th September 2022 was 98%. The number of cheques issued in the period is 41% less when compared to the same period last year. The position at the end of November 2022 remains at 98%.

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

Table 9

	2022/23				2021/22			
	BACS		Cheque		BACS		Cheque	
	No.	%	No.	%	No.	%	No.	%
April	2,418	97%	71	3%	2,454	96%	94	4%
May	3,404	99%	33	1%	2,522	95%	123	5%
June	3,456	99%	48	1%	2,874	96%	123	4%
July	3,508	98%	70	2%	2,516	96%	105	4%
Aug	3,821	98%	73	2%	2,242	96%	83	4%
Sept	3,293	98%	77	2%	2,953	97%	99	3%
	19,900	98%	372	2%	15,561	96%	627	4%

3.7 Financial Assessment and Charging

3.7.1 The Key Performance Indicator figures for the team covering the period from 1st April 2022 to 30th November 2022 are shown in table 10 below.

Table 10

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22	Apr-Sep 22	Oct 22	Nov 22
Complete Financial Assessments within 10 working days	100%	65%	89%	97%	100%	88%	92%
Produce the charging file from CareFirst weekly	100%	100%	100%	100%	100%	100%	100%

3.7.2 Performance continued to improve by using the automated Workflow Manager on the Anite Document Management Systems (DMS). This has continued to support Liberata’s ability to achieve the KPI month on month. The implementation of the Liquid Logic and ContrOCC systems in quarter 3 of 2021/22 created processing and charging issues which have led to an increase in complaints for the service. Both Liberata and LBB Officers are continuing to work together to resolve the remaining system issues.

3.7.3 The increased resourcing levels including the quality checking implemented by Liberata continue to be in place and procedures are updated as processes change in relation to the new systems.

3.7.4 There will be ongoing improvements using the ContrOCC functions to increase automation and reduce the risk of human error.

3.7.5 Customers continue to use the online facility to complete a financial assessment form, upload evidence and contact the team. The online channel is promoted on all correspondence to customers and their representatives.

3.7.6 Although the Social Care Reforms have been delayed until October 2025, Liberata and the Exchequer Team will continue to work on improving processes and performance so that we are well placed to resume the work required when the reforms are reinstated.

3.8 Appointee and Deputyship

3.8.1 The Key Performance Indicator figures for the team, covering the year to 30th September 2022, are shown in table 11 below which shows the service continues to perform well. This performance has also been maintained at 100% for both indicators as at 30th November 2022.

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 current case management system will no longer be supported from 1st April 2023, so it is necessary to move this to a new operating platform. Liberata will soon be migrating the Caspar application to a cloud-based solution. Once this migration has taken place and has been bedded in, they will also look to see if the new Cloud based solution offers any scope for automating and streamlining processes such as the bank reconciliation.

Table 11

Indicator	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22	Apr-Sep 22	Oct 22	Nov 22
Referral of applications to the Panel within 14 working days	100%	100%	100%	100%	100%	100%	100%
Raise invoices within 2 months of the anniversary of the court order	100%	100%	100%	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.
- 3.9.4 The Exchequer Client Unit have been working with Liberata to improve the quality of the complaint responses as well as the response times. A workshop was held in July 2022 and Liberata have further training scheduled for January 2023.

Table 12

	2019/20	2020/21	2021/22	Apr-Sep 22
Sundry Debtors/Income				
Justified	4	6	7	4
Unjustified	3	2	3	20
Total	7	8	10	24
Accounts Payable				
Justified	-	-	-	-
Unjustified	-	-	-	7
Total	-	-	-	7
Financial Assessment & Management				
Justified	13	7	13	11
Unjustified	5	6	12	9
Total	18	13	25	20
Appointee & Deputyship				
Justified	-	-	-	-
Unjustified	-	-	-	-
Total	-	-	-	-

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 contract costs £1.98m per annum against a revenue budget of £1.98m for 2022/23.

6.3 There are no direct financial implications as a consequence of this report, however the report requests members to take note of the performance of Liberata (the contract provider) and agree any actions taken to improve performance.

6.4 This service is responsible for significant number of financial transactions (as illustrated above), for which poor performance or management of these duties can be significantly costly to the council and can affect our cashflow, liquidity and ability to meet our liabilities.

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 Liberata exclusively uses Ark data centres which are committed to the European Green Deal, achieving the ambitious greenhouse gas reductions of the climate law, and leveraging technology and digitalisation to achieve the goal of making Europe climate neutral by 2050. For the last 6 years, all Ark facilities have been powered by 100% renewable energy. To improve sustainability further Ark has developed innovative direct air evaporative cooling capability that dramatically lowers energy consumption and cost, capable of providing compressor free cooling for 100% of every year.

8.2 The My Bromley account software supports 7,559 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

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.

Non-Applicable Headings:	Personnel implications, Procurement implications, Ward councillor views, Property implications
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Background Documents: (Access via Contact Officer)	[Title of document and date]
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