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

Date: Tuesday 16 January 2024

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 2023 to 30th September 2023 with an updated position as at 30th November 2023.
- 1.2 A letter from Bola Odunsi, Liberata's 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.

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.

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: £2.25m
 5. Source of funding: General Fund Revenue Budget
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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
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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: None

Impact on the Local Economy

1. Summary of Local Economy Implications: None
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Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
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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: None

3. COMMENTARY

- 3.1 This report provides information regarding the performance of the Exchequer Services provided by Liberata for the period 1st April 2023 to 30th September 2023 with an updated position as at 30th November 2023.
- 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 2023, there were 5,839 invoices outstanding totalling £17.14m. Although the number of invoices outstanding has increased when compared to September 2022, the level of debt outstanding has reduced by £1.25m.
- 3.5.2 The £17.14m outstanding includes £3.36m (19.61%) which had been outstanding for less than 30 days.
- 3.5.3 As at 30th September 2023, the amount recovered in respect of invoices raised between 1st April 2023 and 30th September 2023 was £15.95m or 66.74%. This is an increase of £4.62m when compared to the same period last year. The collection performance has since increased to 67.51% as at 30th November 2023.
- 3.5.4 However, there were several debts where Liberata were unable to undertake recovery action. A high number and value of invoices were raised during September so were not yet included in the recovery process, £3.36m of which remained outstanding at 30th September 2023. The unrecoverable debts adversely affecting in-year collection are shown in Table 1 below.

Table 1

Description	No. of Invoices	Value of Invoices
Invoices raised during September 2023	700	£3,362,654
Community Infrastructure Levy (CIL) invoices due after the 30th September 2023	12	£1,169,002
Disputed and Escalated debts	173	£1,188,112
Debts placed on hold by LBB Departments	9	£13,897
Debts referred for Write Off	9	£16,853
Debts with LBB's Legal Team	2	£288,409
Total	905	£6,038,927

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 (see Table 1). This gives a revised collection rate of 89.29% as at 30th September 2023 and 90.53% as at 30th November 2023.

Table 2

	As at 30/09/20	As at 30/09/21	As at 30/09/22	As at 30/09/23	As at 30/11/23
Unadjusted Collection Rate	49.70%	70.72%	52.86%	66.74%	67.51%
Adjusted Collection Rate	64.82%	88.69%	63.80%	89.29%	90.53%

3.5.6 **Appendix 2** shows the comparison between the levels of outstanding debt for each month from April to March for the years 2021-22 through to year to date for 2023-24.

3.5.7 **Appendix 3** shows the comparison between the numbers of invoices outstanding each month from April to March for the years 2021-22 through to year to date for 2023-24.

3.5.8 The number of outstanding invoices for 2023 is higher than in previous years. This is due to the increase in the number of invoices issued for residential care charges. Due to the nature of this debt and the vulnerability of the clients, recovery can take longer.

Aged Debt

3.5.9 The out-of-year collection rate across all financial years was 98.91% with over £8.66m collected up to the end of September 2023. The factors which continue to affect out-of-year collection are shown in Table 3 below. Once these were excluded the adjusted collection rate for September 2023 was 99.44% and 99.51% for November 2023

Table 3

Description	Value of Invoices
Disputed and Escalated debts	£1,316,783.57
Debts referred for Write Off & Awaiting Cancellation	£1,512,998.16
Debts placed on hold by LBB Departments	£81,283.14
Debts with LBB's Legal Team	£12,045.93
Debt for CIL invoices (due after 30th September 2023)	£165,345.42
Debts that are in administration	£1,163,895.01
Debts secured by Charging Order	£304,523.99
Total	£4,556,875.22

3.5.10 Table 4 shows the movement in the out-of-year debt for the year 1st April 2023 to 30th September 2023 along with the overall percentage reduction.

Fin Year	30-Sep-23	30-Sep-22	Reduction since 30/09/22
	£,000	£,000	%
Pre 2019	1,735	2,175	20%
2019/20	545	709	23%
2020/21	1,547	2,111	27%
2021/22	1,701	3,397	50%
2022/23	3,695	9,994	63%
Total	9,223	18,386	50%

3.5.11 **Appendix 4** shows the overall recovery position of debts in each financial year up to 30th September 2023.

3.5.12 The debts in dispute or under query with LBB Service Departments remain high at £3.17m however there has been a 15.74% reduction when compared with 30th September 2022.

3.5.13 Liberata continue to work with LBB officers to resolve queries and disputes as quickly as possible so that recovery action can continue. 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.

3.5.14 There continues to be a low volume of county court claims being issued despite the implementation of an online claim process which enables Liberata to submit court claims faster and at a lower cost than under the old paper-based system. The Exchequer Client Unit will continue to monitor the position to ensure that claims are issued in a timely manner as unnecessary delays can increase the risk of non-recovery.

Utilities

3.5.15 Appendix 5 shows a summary of Utility debts as at 30th September 2023.

3.5.16 The total debt outstanding for Utilities as at 30th September 2023 was £395k which was £46k higher than the previous financial year. This was mainly due to almost two thirds of the total debt (£253k) being under 30 days old. The debt outstanding has since reduced to £151k as at 30th November 2023.

3.5.17 Liberata continue to pursue payment and liaise with the Service Department regarding any disputed sums.

Income

3.5.18 The Income Team raised 6,798 sundry invoices (excluding the Trade Refuse service) with a value of £26.08m from 1st April 2023 to 30th September 2023.

- 3.5.19 During the same period, 534 invoices relating to all financial years with a total value of £3.05m were subsequently cancelled. This includes invoices for charges raised in advance where the service was subsequently cancelled or where a business has changed hands.
- 3.5.20 **Appendix 6** shows the value of invoices raised month by month for the period from 1st April 2023 to 30th November 2023 compared to the same periods in the previous two financial years.
- 3.5.21 **Appendix 7** shows the number of invoices raised month by month for the period from 1st April 2023 to 30th November 2023 compared to the same periods in the previous two financial years.
- 3.5.22 The number of invoices raised has been higher than previous years due to the increase in the number of Residential Care invoices being issued following the change during the pandemic to the Council collecting the care charges.

Trade Waste

- 3.5.23 The outstanding debt for Trade Waste was £601k as at 30th September 2023 which was £88k (12.83%) lower than the previous year. The debt has further reduced to £361k as at 30th November 2023.
- 3.5.24 Table 5 provides an analysis of the outstanding debt and compares it to the position as at 30th September 2022.

Table 5

Age Analysis of Trade Balance	As at 30th September 2023	As at 30th September 2022	Variance	
			£	%
Under 30 days old	25,983	3,777	22,206	
Invoices 31-365 days old	450,440	561,155	-110,715	
Invoices over 1 year old	124,233	124,116	117	
Total	600,656	689,048	-88,393	-12.83%
Recovery Status of Trade Balance				
Payment arrangements/Direct Debits	358,564	374,166	-15,602	
Invoices in dispute	23,986	75,313	-51,327	
Awaiting cancellation	3,747	32,915	-29,168	
Awaiting write off	27,302	33,856	-6,554	
Active Recovery	187,057	172,799	14,257	
Total	600,656	689,048	-88,393	-12.83%

Nightly Paid Accommodation Charges

- 3.5.25 The outstanding debt for Nightly Paid Accommodation charges as at 30th September 2023 was £8.89m for current and former tenants. This was an increase of £421k (4.97%) on the previous year's balance and was driven by the ongoing year on year increase in tenant numbers. Table 6 gives a breakdown of the outstanding debt as at 30th September 2022 and 30th September 2023.
- 3.5.26 When tenants are initially placed, they are encouraged to apply for Housing Benefit and where assistance to complete forms is required Liberata refer them to the Support & Resettlement Team in Housing.

- 3.5.27 All correspondence issued to tenants highlights the importance of applying for Housing Benefit and claims are monitored to ensure that where there are any suspended claims these are followed up and discussed with the tenants.
- 3.5.28 It should be noted however that there are more people in temporary accommodation whose income is above the income thresholds for receiving Housing Benefit, also the feedback from recovery officers who liaise with tenants indicates that cost-of-living issues is cited as the reason for non-payment.
- 3.5.29 Issuing statements on a 4-weekly basis continues to form part of the process for current tenants which has increased the level of contact with tenants. A handout was designed by Liberata and is handed out by Housing Officers to all new tenants which includes important information regarding the tenancy, i.e. 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.

Table 6

	As at 30 September 2023	As at 30 September 2022	Variance %
Charges raised for current year and arrears brought forward for previous years	£13,654,166	£13,182,064	3.58%
Payments received from debtors	-£724,032	-£748,570	-3.28%
Housing Benefit awards	-£3,973,775	-£3,953,277	0.52%
Sub total	£8,956,359	£8,480,216	5.61%
Less combined total debts written on/off	-£65,165	-£9,996	551.88%
Total	£8,891,194	£8,470,220	4.97%

- 3.5.30 Table 7 below shows that the number of current and former tenants increased from 3,969 in September 2022 to 4,129 in September 2023.

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%
Sep-23	1,099	3,030	4,129	4.03%

- 3.5.31 Although eviction notice periods returned to pre-COVID lengths from 1st October 2021, the impact of the Coronavirus Act 2020 is still evident; tenants often had larger debts at the start of the eviction process due to recovery action being prevented during the pandemic. This has led to an increase in the debt level for former tenants requiring tracing and/or further recovery action.
- 3.5.32 Former tenants are often difficult to trace, therefore Liberata continue to refer untraceable tenants for a 6-month tracing process. Where tenants are located, appropriate action is taken immediately.

3.5.33 Where Liberata can agree payment arrangements for former tenants they 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 submitting the debt for write off.

3.5.34 Regular meetings take 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 performance summary covering the period from 1st April 2023 to 30th September 2023 is shown in the table below. This shows that the percentage of undisputed invoices paid within 30 days was 98%, against a target of 99%. The percentage of invoices paid within 20 days was 96%.

3.6.3 The performance has improved when compared to the same period last year due to the work carried out by Liberata and LBB to address issues caused by the transition to the new financial system and the bedding in of new processes.

3.6.4 Further improvement is expected as we continue to monitor and address the issues which impact the timely processing of invoices such as the prompt receipting of goods and services by LBB officers.

Table 8

Target: 99%	Invoices Over 30	Invoices Under 30	Total	%	Invoices Over 20	Invoices Under 20	Total	%
Manuals	157	10,355	10,512	99%	215	10,297	10,512	98%
I-Proc	320	6,554	6,874	95%	586	6,288	6,874	91%
Social Care	21	4,533	4,554	100%	38	4,516	4,554	99%
Total	498	21,442	21,940	98%	839	21,101	21,940	96%

3.6.5 Table 9 below shows the percentage split in the method of payments to suppliers. The percentage of suppliers paid by BACS from 1st April 2023 to 30th September 2023 was 99%. This is an increase in BACS payments of 1% when compared to the same period last year.

3.6.6 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.

Table 9

	2023/24				2022/23			
	BACS		Cheque		BACS		Cheque	
	No.	%	No.	%	No.	%	No.	%
April	3,500	98%	58	2%	2,418	97%	71	3%
May	4,181	99%	34	1%	3,404	99%	33	1%
June	3,745	98%	65	2%	3,456	99%	48	1%
July	3,369	99%	44	1%	3,508	98%	70	2%
Aug	4,101	99%	56	1%	3,821	98%	73	2%
Sept	3,459	99%	24	1%	3,293	98%	77	2%
	22,355	99%	281	1%	19,900	98%	372	2%

3.7 Financial Assessment and Charging

- 3.7.1 The Key Performance Indicator figures for the team covering the period from 1st April 2023 to 30th November 2023 are shown in table 10 below.
- 3.7.2 Performance remains stable 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.
- 3.7.3 Since the implementation of the new Financial Assessment system, ContrOCC, in November 2021 Liberata and the Council have worked closely to resolve the majority of the issues that were impacting the service and are continuing to work together to resolve any remaining system issues.
- 3.7.4 However, there is further work to be done to reduce the amount of manual intervention that is required in some of the processes to make them more efficient. Plans for ongoing improvements are in place as part of the recent upgrade to ContrOCC Web.
- 3.7.5 Management continue to use Information@Work DMS for work allocation and managing volumes. This allows for a clear focus on the workload to ensure cases are completed in line with KPI's. Liberata continue to review individual's benchmarks and performance. These benchmarks feed into Liberata's performance management framework and have played a key role in further driving service performance.
- 3.7.6 The Social Care Reforms were delayed until October 2024 due to the current economic crisis. However, Liberata continue to work closely with LBB to improve processes and performance so that we are well placed to resume the work required when the reforms are introduced.
- 3.7.7 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 which has resulted in 53% of financial assessment forms being completed online.

Table 10

Indicator	Target	Actual 2020/21	Actual 2021/22	Actual 2022/23	Apr-Sep 23	Oct 23	Nov 23
Complete Financial Assessments within 10 working days	100%	89%	97%	92%	100%	100%	100%
Produce the charging file from ContrOCC monthly	100%	100%	100%	100%	100%	100%	100%

3.8 Appointee and Deputyship

- 3.8.1 The Key Performance Indicator figures for the team, from April 2020 to date are shown in table 11 below which shows the service continues to perform well.
- 3.8.2 The migration to the new Caspar Cloud system offers improved functionalities, supporting the new Deputyship process and legal Court of Protection forms which aids the Appointee & Deputyship team in working effectively.
- 3.8.3 The automation of the bank reconciliations was successfully implemented in July 2023 which has streamlined the bank reconciliation process considerably.

Table 11

Indicator	Target	Actual 2020/21	Actual 2021/22	Actual 2022/23	Apr-Sep 23	Oct 23	Nov 23
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 User/Stakeholder Satisfaction

- 3.9.1 Complaints are 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 2020 split between justified and unjustified. For the range of services being provided the number of complaints remains relatively low, however an increase did occur during the transition to the new Care Management system.
- 3.9.3 Liberata have work closely with Council colleagues to resolve the issues raised by the complainants and strive to deal with cases with extra care and consideration, taking steps to improve processes based on feedback received, where appropriate. As a result, the number of complaints received during 2023 have reduced.

Table 12

	2020/21	2021/22	2022/23	Apr-Sep 23
Sundry Debtors/Income				
Justified	6	7	19	8
Unjustified	2	3	9	2
Total	8	10	28	10
Accounts Payable				
Justified	-	-	14	1
Unjustified	-	-	3	-
Total	-	-	17	1
Financial Assessment & Management				
Justified	7	13	22	10
Unjustified	6	12	22	6
Total	13	25	44	16
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) - £70m per annum
 - Financial Assessments - £14m per annum
 - Appointee and Deputyship - £3m per annum
- 6.2 The contract costs £2.25m per annum against a revenue budget of £2.44m for 2023/24.
- 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 7 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 MyBromley account software supports 46,177 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.

Non-Applicable Headings:	Personnel implications, Procurement implications, Property Implications, impact on the local economy. Impact on health and wellbeing, Ward councillor views
Background Documents: (Access via Contact Officer)	