Business Operations - Debt Recovery Project

Start: 03/08/20 *(this was started prior to COVID-19 but had to stop at a very early stage)*
Finish: 31/03/21
Project Sponsor: Lorraine Kuhler; P2P, Banking & Income Operations Lead
Project Manager: Kalavati Palmer; Corporate Project Manager

Project Overview:

Current Performance – KPIs:		
	Corporate Debt – *target 96.5%*	**ASC Debt – *target 96%***
19/20 – Q2	81.73%	80.67%
19/20 – Q3	87.56%	78.93%
19/20 – Q4	86.03%	83.39%
20/21 – Q1	84.58%	81.07%

These targets need to be reviewed as part of the project, they currently feel unrealistic, but it is hard to assess what a realistic target would be when the processes are hindering performance. We have changed the team's operating model so that the whole team works on recovering both corporate and ASC debt however it has been noticed that when attention is shown to one the other suffers but there is still some training to be done in the ASC area which could cause short term detriment to corporate recovery.

Over £52m of sundry debt and £18m of adult social care invoices are raised annually. This project was set up to look at the 4 main areas impacting the Business Operations Central Collection Team's success in recovering this income effectively with the aim to improve and modernise processes, consider alternative methods to raising debt across the council, manage debt more effectively and increase debt recovery performance. The Central Collection team is one of the 7 main debt hubs in the organisation raising invoices and collecting income on behalf of multiple services across the council, including adult social care which is approximately 25% of the overall debt book. The project has been split in to 4 workstreams, detailed below, to look at processes within service areas prior to the invoice being raised, the recovery process within CCT, the opportunity to use a corporate debt/enforcement team for escalated/aged debt and finally the write off process and bad debt calculation process.

Each workstream is dependent on the others working effectively for there to be an overall improvement in the service and for a financial benefit to be seen by the organisation therefore, some dedicated project resource has been assigned to ensure this project is moved forward at pace in a governed environment, with project documentation being completed to evidence actions and results at every stage.

Workstream 1	Workstream 2	Workstream 3	Workstream 4
Service Processes, Customer Interaction & Raising Invoices	Recovery Cycle: Processes, Policies and Documentation	Corporate Debt Team: Escalation of debt & Enforcement options	Write Off Process & Bad Debt Calculation
Participants: Les Vickers, Yvonne Phillips, Colin McLean, Toby Gould	**Participants:** Les Vickers, Gareth Moulpied, Adrian West, Colin McLean, Toby Gould	**Participants:** Paul Willard, Les Vickers, Adrian West, Lucas Murray, Gareth Moulpied, Toby Gould	**Participants:** Lorraine Kuhler, Les Vickers, Heather Bentley, Jeff Coates
Aims: 1) Work with services to identify any areas that could be collecting income at point of sale. 2) Work with services to identify opportunities to collect deposits – reducing the debt before it's raised (room bookings etc.) 3) Understand the services that have CRMs, databases or spreadsheets that we could use to create interfaces rather than completing invoice request forms and them having to be manually raised – ensure data being captured is relevant 4) Link in to the overarching project of building electronic forms, rolling out to services once available	**Aims:** 1) Scope out the current process and understand where it 'fails' 2) Re-write new recovery processes that are fit for purpose – multiple processes are required to cover the various services; incorporating modern recovery approaches and system enhancements where possible 3) Resource planning for new/additional stages 4) In liaison with transformation hub review reporting requirements to enable targeted debt recovery driven by data analytics 5) Re-write policies 6) Re-write communications & documentation 7) Engage with services regarding new processes	**Aims:** 1) Utilising a campaign team to work on the current aged debt, where possible data cleansing in the process 2) Exploring enforcement options for the various debt types that reach the end of the debt recovery cycle unrecovered 3) Agreeing the escalation of debt process between the central collection team and corporate debt/enforcement team 4) Provide some analysis of how recoverable the corporate debt is at each stage i.e. 120-365 days, 1-2years etc. up to write off stage – need to say what are we doing with this analysis 5) Explore the relationship with legal services and set up regular review meetings moving forward – do we need to add in service review meetings as well	**Aims:** 1) Agree a quarterly reconciliation format for the bad debt provision 2) Analyse the issues the current provision presents us with – due to the percentages being too low 3) Understand the patterns in recovering the aged debt (utilising the analysis work from workstream 3) 4) Research the methodology used in other organisations, starting with our ORBIS partners 5) Write a paper for FSMT with a proposal of revised calculation method (percentages)

Proposed Overall Outcomes/Benefits:

- ➤ Only true debt is raised by services
- ➤ Debt being recovered in a timely manner, targeted and driven by data analytics, thereby improving the council's cash flow
- ➤ Decrease in write offs, more income received into the organisation
- ➤ Improved processes for raising invoices, maximising self-service and automation opportunities including automated/electronic authorisation
- ➤ Shortened and modernised recovery processes, clearer documentation and enhanced signposting to payment options
- ➤ Enforcement options available being maximised and debt being chased and recovered in a timely manner
- ➤ Improved KPI figures and revised targets that have been researched and realistic to the type of debt being recovered
- ➤ Write Offs completed quarterly with service areas having an increased awareness of aged debt in their area and the budget impacts
- ➤ A bad debt calculation that is fit for purpose and addressing a realistic percentage of the debt book that may be irrecoverable
- ➤ Raise awareness of raising debt across the council