

# Reducing Sundry & Adult Social Care Overdue Debt Levels by £7M



## Introduction

East Midlands Shared Services (EMSS) is a partnership between Nottingham City Council and Leicestershire County Council to deliver HR, payroll and finance transactional services.

In partnership with Thornton Hope, a provider of Accounts Receivable consultancy services, we have enhanced our service offering and debt reduction performance. Thornton Hope brings a private sector perspective to public sector debt reduction by sharing their 35 years of experience.

We have transformed our debt reduction and indeed our full end to end Accounts Receivable process and we would like to share our experience and success criteria with other Organisations. In partnership with Thornton Hope we have created an EMSS Health Check that will help other organisations significantly improve their debt reduction results as well as achieve their customer service and efficiency targets in this area. We would like other organisations to consider investing in the EMSS Health Check, allowing us to share our experience and help others to achieve the potential benefits.

## Case Study

### Our Debt Collection Health Check Experience

Our Health Check was conducted across 2 individual councils for their combined £43M Sundry Debt portfolios and Leicestershire County Council's, £11M Adult Social Care debt.

The Health Check was aligned with the council's key objective areas including reducing debt, improving service and achieving savings targets, the following were key focus areas:

- How to reduce debt levels whilst improving customer service.
- How to identify which collection strategies and processes should be used within a high-volume customer base and across a diverse customer and service range.
- How to ensure ethical and best practice collection strategies are used when dealing with vulnerable customers.
- How to continuously achieve efficiencies, improve processes and gain visibility of the opportunities and challenges in relation to the debt reduction process.
- How to ensure the teams involved in managing revenue and debt are equipped to meet the challenges and targets that are set.

In addition to the focus on key objectives, our Health Check covered 5 improvement areas. These 5 areas provided the insights and information required by the organisations to ensure good practice and continuous improvement in performance was achieved.



## Our 5 Improvement Areas:



## Outcomes

Our Health Check report focused on the objectives, process and performance areas; providing recommendations for overall improvements. The outcome was that, EMSS and the individual councils clearly understood their current debt reduction performance and received suggested practical and achievable plans to further reduce debt levels and increase efficiencies.



## Learning Points:

**How to use flexible Reduction strategies to best effect:** it was clear that the simplistic collection strategies being used were not effective across the range of customer types. We devised several tailored collection strategies and measured the effectiveness through revised KPIs. Further collection strategies were also created to manage more complex business types, e.g. construction, insurance and more sensitive cases within the Adult Social Care segment. As we measured the effectiveness of the collection strategies we challenged the standard payment terms and the invoice query management process, all of which were improved as a result.

**How to communicate effectively with the varied customer types:** reviewing the customer communication methods highlighted that the debt collection letters were not compliant with best practice and ethical debt collection methods. We established that customers were unable to contact the council outside of normal working hours. We found, in Adult Social Care, that many service users wanted to contact us when their carer was present which in some cases was evenings and weekends. Revising all written communications in line with the private sector compliance standards was important in improving the quality of our communications. Implementing flexible working was key to improving the service levels for customers, which directly impacted performance.

**The importance of targets, measurement and focus:** having debt reduction targets and a daily focus on achieving the targets was not something we were used to. We set annual targets for each customer segment and implemented daily progress trackers to keep the teams focused on the debt reduction performance. We monitor progress on a daily, monthly and annual basis.

**How to manage the team and individuals most effectively:** the roles and tasks within the teams required defining in line with the full range of tasks and skills needed to achieve the best results. We conducted an FTE analysis which established every task and identified the skills and resources required. This allowed us to re-shape the roles and the team to focus on the priority tasks and deliver the best results for our customers. The team also had a much better understanding of their role and the priorities within it; this led to better skilled staff and improved customer service and team performance.

**Suggested process efficiencies:** we identified several tasks that had been incorporated in the processes over time. It was clear that we were completing some tasks that were non-value added and/or time consuming. By identifying and reviewing these tasks we built efficiencies by introducing new ways of working and utilising technology to achieve a better quality and quicker result. All this improved our customer service, efficiency, financial control and helped us to towards achieving our targets.

# Improvements

Using the information and insight from the Health Check we initiated an improvement programme. Some of the key achievements to date are:



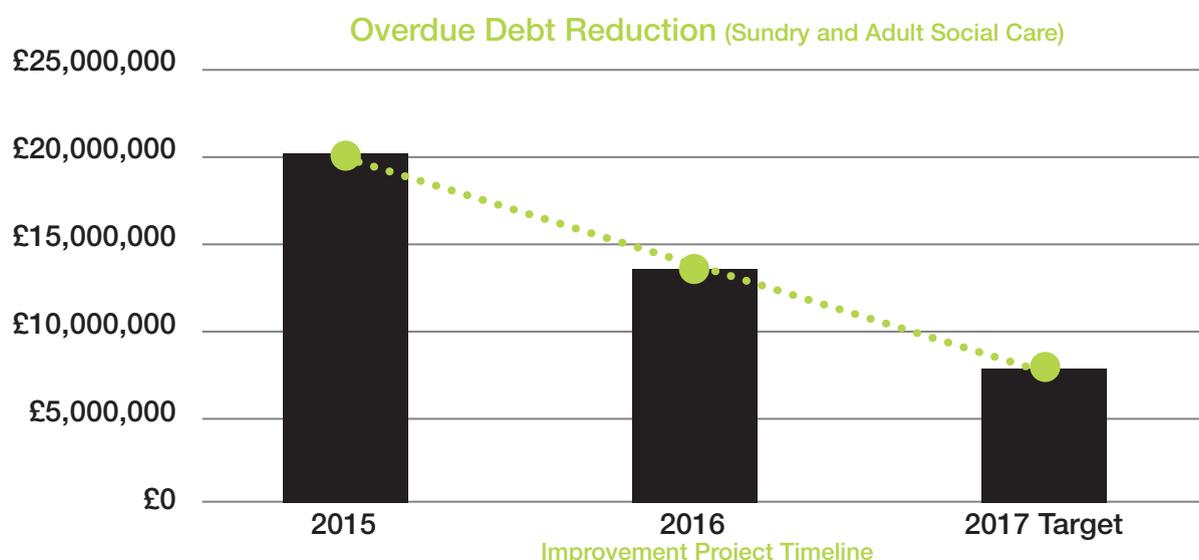
Adult Social Care Debt Reduction & Service Improvement Highlights				
Debt Reduction £'s	Debt Reduction %	Service User Satisfaction Rate	Service Users Paying on Time Increase	Debt Collection Cost Savings
£2.4M	41%	99.5%	30%	£220K PA

Sundry Debt Reduction Highlights	
Sundry Debt Reduction £'s	Sundry Debt Reduction %
£4.6M	39%

## Sharing experience and learning

Having been through the analysis, learning and improvement programme with our partners, we are in a strong position to offer the Health Check service to other public sector organisations.

The Health Check is available at an agreed cost which we would confirm once we have established the extent of your organisation's requirements and would normally range from £3,000 to £5,000 depending on scale. The graph below illustrates the overall debt reduction following the Health Check and Improvement Plans:



To find out more about how you could achieve significant debt reduction and savings, please get in touch. Email us at [emssth@thorntonhope.co.uk](mailto:emssth@thorntonhope.co.uk) or call us on 0141 242 4450