Debt Assist

Service Description Document
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Liberata
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Debt Assist Solutions

1. Overview

The advent of the Covid-19 pandemic and resulting economic downturn has left many individuals with escalating debts and consequently many public sector organisations with a spiralling level of debt as individuals struggle to pay their liabilities. In 2020/21, across local government, the level of debt outstanding within Council Tax services more than doubled across the sector. This increase in un-collected debt continued into 2021/22, 2022/23 and beyond, with an estimated 55% of outstanding liabilities that could be considered as debt.

Liberata Debt Assist Services offers a flexible, tailored and ethical approach to collecting debt that allows public sector organisations to focus recovery activity whilst supporting customers to pay their liabilities more effectively, without increasing indebtedness or the level of stress experienced by the customer. Using our bespoke case management system, our approach follows a relatively simple recovery process:

- **Case Identification & Prioritisation** – Extracting the debts from the more usual recovery / enforcement churn, segmenting the debts by customer type and debt type to identify the optimal debt treatment to maximise recovery
- **Tracing & data enrichment** – Utilising a range of data providers to trace "gone away" customers and to append further contact information to their records, enabling future recovery activity
- **Multi-channel contact** – Contacting the customers via multiple channels with tailored communications enabling us to initiate a constructive conversation regarding their debt
- **Flexible payment mechanisms** – Offering a variety of payment channels, payment periods and flexibility to suit a customer's individual circumstances, making it easier to pay their liabilities
- **Comprehensive reporting & reconciliation** – Ensuring that there is a clear view of all activity undertaken, the effectiveness of that activity and crucially all payments made

Fundamentally, this offers an approach more focused on generating engagement and positive tailored outcomes compared to traditional enforcement activity

Upon completing the process, we will present comprehensive outcomes of the Debt Assist initiative, along with clear recommendations for subsequent actions. Despite this softer approach, we are able to double the level of recovery for many organisations compared to traditional recovery and enforcement activity.

Our Debt Assist solution is debt agnostic and supports the following debts:

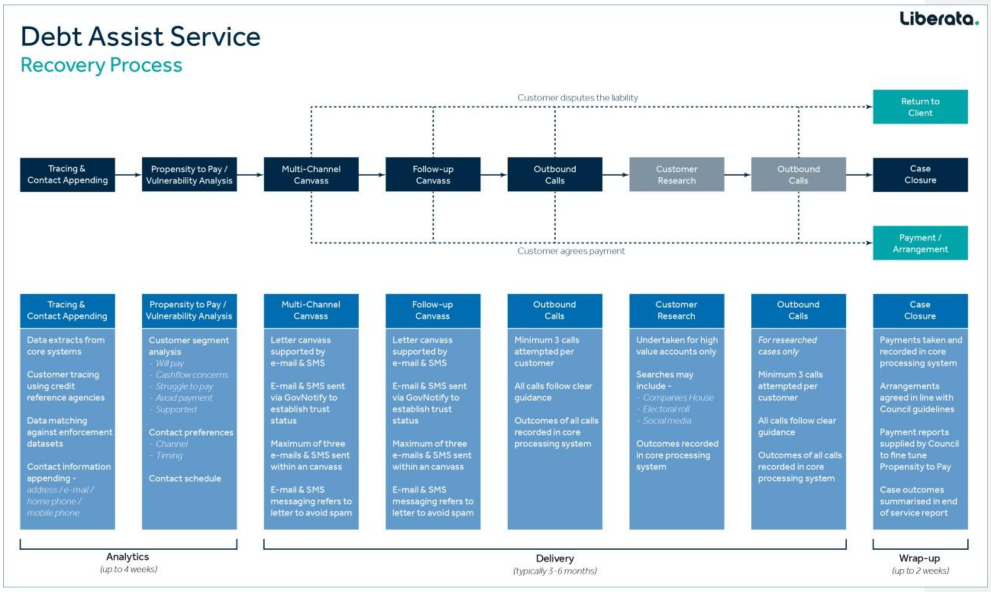
- Council Tax
- Housing Benefit Overpayments
- Sundry Debt
- Social Care Debt
- Business Rates
- Former Tenant Arrears
- Rent Arrears

Commented [LG1]: Parking Debts

2. Solution Scope

Our service works each debt over a three-to-nine-month period (depending upon the scale of the review, and caseload volumes) to obtain payment or a payment arrangement, with further support to take payments and handle broken arrangements over a delivery period ranging from 12- 36 months to suit client requirements.

The high-level process is shown in the diagram below:



Both solutions are outlined in more detail below:

2.1 Liberata Solution

With our solution, we utilise private cloud based Liberata systems and payment channels to work each debt, effectively segregating each case from more traditional workload churn within a client's operations.

We work with the client teams to extract the debt case data in an appropriate format to import into our dedicated systems which provide the following capabilities:

- Customer tracing and contact appending
- Multi-channel customer contact
- Customer portal with multiple payment channels and arrangement facilities
- Customer service support for the most vulnerable customers
- Comprehensive reporting and payment reconciliation

Our teams will utilise these secure cloud-based systems to follow the same process of customer tracing, multi-channel customer contact, payment negotiation and reporting. We additionally allow customers to set up and manage a payment arrangement online, without the need for staff intervention, with the arrangement rules set in agreement with the client.

Again, any follow-up contact made by customers in response to our customer communications activity is handled by Liberata teams using dedicated contact telephone numbers and e-mail addresses. We also offer a seamless mechanism for client customer service teams to transfer enquiries to Liberata teams should they choose to contact the organisation directly.

For some customer segments, we offer a greater range of payment channels to allow more flexibility for those customers who are struggling to pay. These include the following:

- **Pay by Bank** – Effectively replacing BACS payments, by integrating the customer's telephone banking app with the payment request to ensure that payments are validated and paid with the correct references
- **Variable Recurring Payments** – Allowing customers to pay a varying amount over time within the parameters of the arrangement to reduce their personal cashflow issues
- **Recurring Card Payments (Continuous Payment Authority)** – Allowing customers to pay a fixed regular payment over time as an alternative to direct debit
- **Pay by Link** – Allowing customers to receive regular payment requests via SMS as reminders to make a payment, with the request triggering their telephone banking app to ensure security, validation and integrity of the payment
- **Enhanced Direct Debit** – Enabling Liberata teams to validate that a customer's account contains sufficient funds that a direct debit will be successful prior to the payment being taken, this allows interventions to take place where funds are not available to prevent failed direct debits

All payments made are transferred immediately to the client's accounts, all accompanied by full reconciliation file-sets to ensure that finance systems can be updated automatically. We additionally provide a similar payments file to allow the automatic updating of the client core processing system.

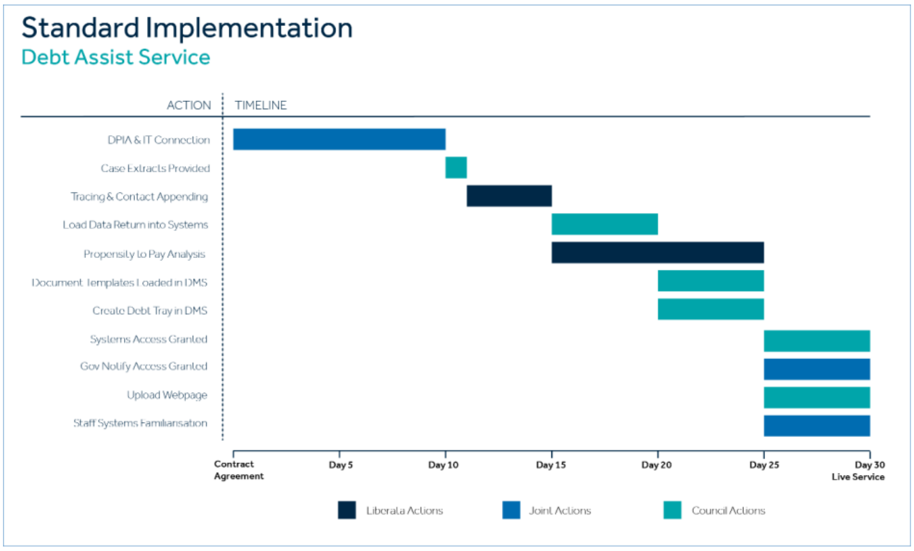
The Liberata systems solution allows better ring-fencing of debt cases to be worked by the Debt Assist service whilst crucially enabling more flexible commercial models, including fixed fee, or where we charge a percentage fee of the debts collected by the service, with the fee varying by debt type and age.

In some cases, it may be beneficial to require access to the following systems to provide context when handling customer queries:

- **Core processing system** – With read only access to the cases selected for inclusion within the Debt Assist recovery service
- **Document management system** – Again, with read only access to the cases selected

3. Implementation

The implementation of Liberata Debt Assist Recovery services typically takes 4 weeks from contract agreement to the first customer contact.



We would expect to work each debt covered by the service over a three-to-nine-month period from the initial customer contact, handling any follow-up enquiries or broken arrangement contacts over the lifespan of the debt recovery period, which can be up to three years.

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