



UK Health Security Agency

Dame Meg Hillier MP
Chair of Public Accounts Committee
House of Commons
London
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Sent via email to: pubaccom@parliament.uk

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Dear Chair

MANAGING CROSS BORDER TRAVEL DURING THE COVID-19 PANDEMIC

I am writing to you to provide an update on the outstanding financial matters associated with the Managed Quarantine Service (MQS). The Department of Health and Social Care's Second Permanent Secretary, Shona Dunn, wrote to you on 7 June 2022 and committed to provide quarterly updates. As responsibility for managing the legacy of the MQS programme has been transferred to the UK Health Security Agency (UKHSA), I have taken responsibility for providing updates on debt recovery activity.

I apologise for the delay in providing this update; we are actively reviewing our approach to debt recovery and fraud and we wanted this correspondence to reflect the latest operational position. This review is not yet complete however so we will provide the Committee with an update in the new year and in the interim provide below the current relevant data.

Please see below the latest figures which provide information relating to debts from 'hardship' and 'chargebacks' from the start of MQS operation in February 2021 up to 31 October 2022.

	Hardship	Chargebacks
Debt at MQS Programme End (31/03/22)	£54.21m	*£20.71m
Payments Received	£11.07m	£0.83m
Value of debt on Repayment Plans	£8.54m	£0.55m
Debt Outstanding	£34.60m	£19.34m

*Figures in previous update were rounded to the nearest £1m.

Hardship

MQS operated a 'hardship' scheme for individuals who were unable to pay for their MQS stay or mandatory testing packages in advance of travel, or where payment would cause severe financial hardship. Hardship arrangements were only available to those who could demonstrate that their

travel was essential. Eligible individuals were granted repayment plans enabling them to repay the costs associated with their travel in instalments. In exceptional circumstances, individuals' fees were reduced or waived. Waivers or reductions were only granted following an assessment process which assessed various criteria designed to balance fairness to the taxpayer with fairness to travellers who had travelled for essential purposes.

When the MQS programme ended in March 2022, there were £54.21m in unpaid fees. A further £6.5m had been waived for individuals under the hardship scheme (waived fees will not be collected). Collection of outstanding payments has been passed to UKHSA's debt collection partner (Qualco) and at the end of October 2022 £11.07m had been repaid. A further £8.54m has been put on an active repayment plan agreed with the individual debtors. £34.6m remains outstanding and active collections continue.

Based on current recovery rates, UKHSA and Qualco currently forecast that Qualco will be able to recover about 40% of the outstanding Hardship debt (c.£14m) over the next five years. This is significantly better than the debt-collection industry average, where the average recovery rate is often below c.20% in the first five years.

Total recovery of the outstanding Hardship debt is unlikely for three primary reasons. First, if debtors' circumstances change (e.g. should they fall into severe hardship) their debt may be reduced or waived, while individuals who reach retirement age or die whilst on a repayment plan will also have their debts cancelled. Second, in various instances it may become difficult to recover debts from individuals (e.g. if they emigrate abroad). Finally, due to the costs associated with active debt recovery, there may be a point when continued active recovery no longer provides value for money to the taxpayer, particularly for smaller amounts. UKHSA will continue to recover as much of the outstanding debt as possible and will provide further updates to the Committee about revised recovery forecasts.

Chargeback debt

Chargeback debt was incurred where the credit card payment used to make a booking was cancelled (either by the traveller or a third party) and the recipient received a full refund without permission from MQS.

As of September 2022, there was £20.71m outstanding chargeback debt. UKHSA and Qualco have investigated these chargebacks and determined that a significant number of these chargebacks may have occurred without the individual travellers' knowledge. These individuals utilised a third party (often a travel agent) to make their booking; in some cases because the agent promised to arrange reduced MQS fees, or because the traveller was unable to make the booking themselves. The third-party agents then fraudulently issued the chargeback without the travellers' knowledge.

UKHSA is continuing to explore a variety of approaches to maximise chargeback debt recovery, and we will update the Committee further when we have more to say on this.

How debts are recovered

To maximise recoveries, debt management can be a long process. Some industries (such as retail and utilities) only expect to recover 5-10% in year one with 10-20% after five years.

In the initial stages of the process, Qualco establishes contact with the customers and begins negotiation around a repayment plan. These negotiations often result in customers agreeing to a payment plan to spread payment over multiple months or years.

We are now putting in place further strategies to increase the number of successful collections. These will further highlight the importance to customers of making payments or to evidence their poor financial position, where support will be signposted. Should a balance remain outstanding then there is an opportunity for agents to be sent to home addresses to discuss options directly, as well as collect information on customers' ability to pay.

Treasury Minute Recommendations

The recent Treasury Minute (TM16) included a recommendation that DHSC should write to the Committee as part of its Treasury Minute response. As UKHSA is responsible for this information I have provided responses to the specific questions below.

How much of the fraud and unpaid MQS bills it has recovered, how much it has written off and how it plans to recover the outstanding amount?

Recovery of all outstanding bills has been outsourced to a third-party debt collection partner (Qualco) to ensure best use of industry standards. UKHSA continues to review and supervise cases to ensure that agreed approaches and standards are maintained. To date, Qualco has fully recovered £11.9m. £6.5m in hardship debt was waived during the MQS programme. We will provide further detail in the next update.

How much of the outstanding amount is due to fraud, unpaid hardship plans and other reasons?

The breakdown of outstanding debt is as follows:

- £20.71 million is due to unauthorised chargebacks (including instances of fraud by third party agents). £19.34 million of this is not yet subject to an agreed repayment plan. 100% of fraud cases will be investigated but we are not currently able to provide figures for the proportion that involves fraud.
- £54.21 million is for unpaid hardship bills (£34.60 million of which is not yet subject to an agreed repayment plan).

How much of the debts arising from the hardship plan are owed by people who self-certified hardship?

£37 million was incurred by people who self-certified (between February and October 2021). Qualco will continue to monitor individuals' circumstances to ensure their repayment arrangements remain appropriate

How much it has spent collecting unpaid MQS bills?

To date UKHSA has incurred costs of £1.9 million (excluding VAT) recovering unpaid MQS fees up to November 2022. This represents a cost of £0.15 per pound recovered. This demonstrates good value for money within the debt recovery market. UKHSA continues to engage with Qualco to ensure value for money and that a high quality of service is maintained. It is challenging to estimate recovery rates for MQS as these debts are unique and no benchmark for them exists.

How many fraud cases it has identified, investigated and successfully prosecuted?

The UKHSA Counter Fraud Team has investigated 100% of fraud allegations referred to it. These allegations were referred to the police and Action Fraud. Any prosecutions in the light of police investigations would be for the CPS. While MQS was operational, the Counter Fraud Team focused their efforts on fraud prevention resulting in lower rates of fraud. UKHSA is continuing to explore what other options are available to UKHSA to maximise recovery of public funds.

I will update the Committee further in early 2023.

Yours sincerely



Prof Dame Jenny Harries
Chief Executive, UK Health Security Agency