ITEM 11

SURREY
COUNTY COUNCIL

Adult Social Care Select Committee
13 March 2012

Social Care Debt Update

Purpose of the report: Scrutiny of Services and Performance Management

Members have requested updates every other meeting on social care debt management

Introduction:

1. This report gives an update on social care charge raising practice and debt management, both of which aim to maximise income and reduce the level of uncollected social care debt.

Progress Update: Raising charges and Benefits Maximisation

2. Implementation of the SWIFT financial assessment module is progressing. It is anticipated that the system will go live in April 2012 with the first charges raised in SAP from SWIFT in May 2012. One of the benefits of having all the social care data in one system will be the more timely and accurate raising of charges. However, early notification that a financial assessment is required will still be dependent on a close working relationship between the social care practitioners and the financial assessment and benefits advisers. In this respect, where possible we are currently co-locating the FAB advisers alongside care practitioners to improve the exchange of information on casework.

3. In the near future, the SWIFT financial assessment module will provide us with information on the timeliness of assessments and the effect of benefit maximisation, both of which have an impact on debt collection. In the interim, the FAB Teams are monitoring benefit take-up outside of SWIFT and early indications show that more pro-active visiting does identify missing benefit entitlements. Of the 67requests for benefit checks recently recorded, 46 people were missing out on at least one benefit. The time delay between claiming and receiving the additional benefits means that the impact on the income of the people concerned is not yet known.

Progress Update: Debt Collection

4. We continue to take strategic action to reduce social care debt. Currently **90.9%** of unsecured social care debt is less than two years old compared to January 2011 when the position stood at **83.0%**.

5. Since January 2011 to date care debt collected totaled **£39.15m** compared to **£37.71m** billed - showing a **103.8%** collection rate on that billed.

6. Since the last report total unsecured debt has increased from **£6.72m** to **£7.34m**, reflecting an increase in December, which was partly offset in January. Short-term fluctuations, particularly during winter periods are not uncommon and the overall trend is expected to remain downwards. The number of cases referred for legal action has also increased. Secured debt has fallen from **£6.66m** to **£6.38m** as a number of legal charges against property have been discharged.

7. Our campaign to increase the number of clients paying by Direct Debit as our preferred method of payment continues to show results. The latest figures show that by the end of January, our target of 60% for direct debit payments was reached: 60.2% of payments were received by this method **(up 0.7% on the last report)**.

8. We continue to promote awareness and take-up of our "e" billing option amongst clients however it should be noted that only clients paying by direct debit/electronically are in a position to avail themselves of this facility.

9. As reported previously, peer benchmarking data analysis has shown improvements on previous years' figures and we continue to review areas of best practice.

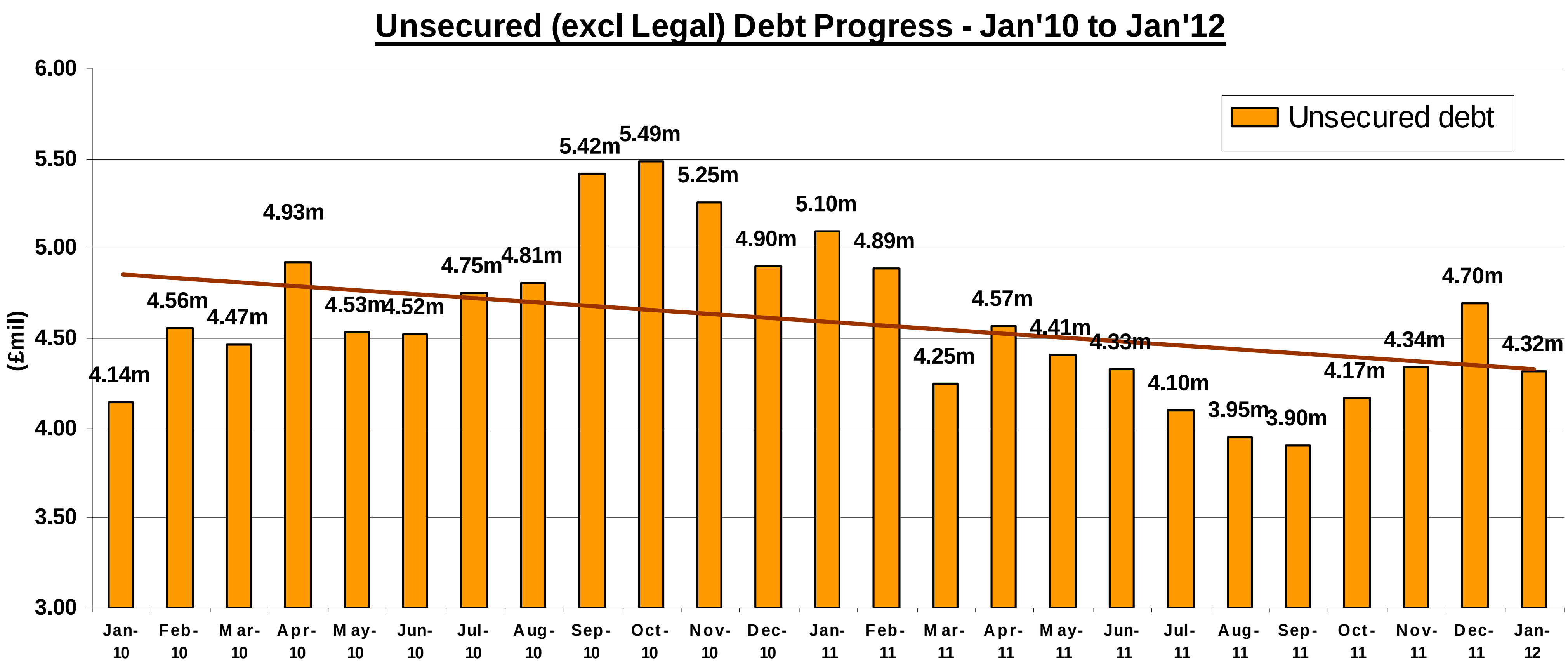
10. Following the transfer of the Finance and Benefits Teams back to the Adults Service, CAE staff continues to work closely with Adult Service colleagues and maintain the emphasis on debt recovery. Continued focus on front-end work practices is essential in order to enhance the full end-to-end process.

11. All teams continue to remain focused on reducing the levels of social care debt and adopting a proactive approach to managing the full end-to-end debt process in a more prompt and efficient manner.

Debt Position

12. Unsecured Social Care Debt currently stands at **£7.34m** of which **£3.02m** is referred to Legal Services and remains as open cases. Since the last report, 99 cases have been written off with a total value of £117,533.34. The total value of write-offs this financial year to 31 January 2012 is £280,329.88.

13. This leaves a further collectable debt of **£4.32m** of which **£3.93m** is less than two years old.



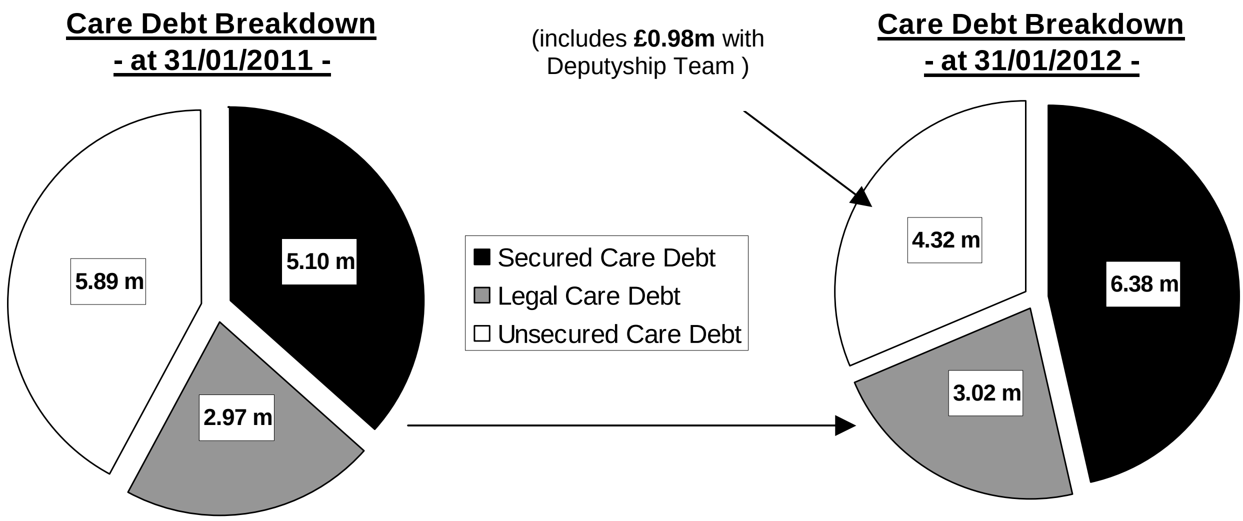
14. Given the recent increase in the level of unsecured debt, the graph has been expanded to show how a similar pattern of winter increase occurred last year. The main reason for this seasonal factor is that more deaths occur, and that disrupts and complicates the process as responsibility for payment passes to estate arrangements.

15. Of the collectible debt, **£0.98m** is monitored by the Adults Deputyship Team. Of this sum £435k is pending the appointment of a deputy by the Court of Protection, and a further £93k is awaiting payment from solicitors recently appointed by the Court. The remainder of the debt is either pending an application to the Court of Protection or under investigation to identify whether funds are available to settle the debt.

16. A further **£6.38m** is currently secured against property.

Debt Profile – January 2011 to January 2012 Comparison

17. The following graph demonstrates how the profile of social care debt has changed over the period.



Legal Action Cases – Update to 31 January 2012

18. 173 cases have been referred for legal action amounting to £4.7m at the date of referral. 75 cases are “open” with a current debt value of £3.02m.

19. £1.86m has been recovered (£1.71m net of costs), with further sums due under instalment arrangements, secured by charging order, or otherwise agreed to paid and not “in dispute”:

Paid: £000	Due by Instalments £000	Secured by Charging Order: £000	Not in dispute: £000	**TOTAL (Gross) £000**	**TOTAL (Net) £000**
1,855	84	163	622	**2,724**	**2,579**

20. In summary, since May 2008, £2.72m gross (£2.58m net) has been banked, secured or agreed to be paid.

Conclusions:

Financial and value for money implications

21. The more debt that is recovered, the less provision for bad debt ASC will need to make, therefore spending more on service users. It is vital that the County Council can continue to satisfy, to the best of its ability, the demands placed upon it and good debt-raising practice together with timely debt-management makes a major and positive contribution.

Equalities Implications

22. Charging for all Adults Care services is assessed against the ability to pay or contribute. This is a consistent process and is applied fairly, based on national guidance and local discretionary policy.

Risk Management Implications

23. Risk is mitigated by the maintenance of financial provisions in the Council's balance sheet, in the event of an estimated percentage of non-payments. Appropriate measures are now in place, which seek to eliminate and minimise as many risks as possible by continual process improvement, accountability and high-standards of administration.

Implications for the Council's Priorities or Community Strategy

24. Debt management is a high priority for the Council and this subject is now addressed in a more concerted manner at both member and officer levels particularly given the current pressures.

Recommendations:

25. That the Committee notes the current debt position and makes any relevant comments.

Next steps:

Progress report to 4 July meeting

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Sources/background papers: SAP Reports