



Adult Social Care Select Committee  
6 March 2014

**Income / Debt Update Report**

**Purpose of the report:** Scrutiny of income and outstanding debts.

**Introduction:**

1. This is the second of the six-monthly reports to the Committee on income and debt for ASC. Members will recall that the August report set out a good deal of background on the context for the assessment, billing and collection of charges for Adult Social Care services, longer term trends, and the main outcomes from the recent Rapid Improvement Event as well as incorporating the comments of the 'owners' of the main component elements of the system on the current position, ie Toni Carney (ASC Financial Assessment and Benefits team – benefit maximization and assessment of means / income due ), Jackie Knutton (Shared Service Centre – billing and income collection) and Jacky Edwards (Legal & Democratic Services – legal recovery action) and Paul Carey-Kent (Finance – process owner).
2. This report updates the position and commentaries without revisiting the background in full. It facilitates comparison with the positions for April (as it was the start of the year) and July (because these were the figures previously reported to the Committee). In addition:
3. Appendix 1 sets out progress against the Management Action Plan which was agreed following an Internal Audit report into the subsidiary matter of ensuring that appropriate action is taken where, due to payment in advance for service not received, the Council owes money to service users or their representatives / estates. One recommendation from that was that both the net and gross debt position should be reported to this Committee, and that has been incorporated into the tables presented.
4. Appendix 2 sets out the most up-to-date benchmarking data available to show how debt collection compares with that of other authorities. No areas emerge as having worse-than-average performance, and most are better than that.

## Current Debt Summary:

5. The below table sets out the current debt position as at 31 January 2014, comparing it with that at the start of the financial year and in July (previous report to this Committee).

		Debt > 1 month, £m:			
Note:		Apr-13	Jul-13	Jan-14	
	1	<b>Secured</b>	<b>7.3</b>	<b>6.87</b>	<b>6.68</b>
	2*	<b>Unsecured (no specific reason identified)</b>	3.06	2.81	2.23
a	2a	Under query	1.24	0.71	0.46
b	2b	Query resolved, requiring adjustment	0.01	0.11	0.03
c	2c	Probate*		0.33	0.29
d	2d	Instalments	0.36	0.44	0.33
e	2e	Deferred payment applications	0.35	0.22	0.31
		Charging orders		0.23	
	2f_1	External CoP / Deputyship*			0.34
g	2g*	<b>Total unsecured debt subject to a recovery 'block'</b>	<b>1.96</b>	<b>2.04</b>	<b>1.75</b>
	3	Legal	1.87	1.98	1.91
	4*	ASC Deputyship	0.7	0.90	1.45
		<b>Unsecured debt outstanding</b>	<b>7.59</b>	<b>7.73</b>	<b>7.34</b>
		<b>Total</b>	<b>14.89</b>	<b>14.60</b>	<b>14.02</b>
Charges posted	5	Charges posted in month - not yet due	2.72	2.66	2.90
Total debt	6	Total debt including charges posted in month	17.61	17.26	16.92
		Gross debt accounting credit balances	18.22	17.86	17.42
	6a	Total live credit balances	-0.53	-0.53	-0.43
		Total deceased credit balances	-0.08	-0.07	-0.07
% collected	7	% received of amount billed (12 mth avg)	96%	96%	100%
DD collections	8	% payments collected by DD	64%	63%	63%
Legal	9	Number of cases referred - in month	1	2	2
Referrals		Total Number - to date	185	193	207
	10	Value of debt at date referred - in month	0.16	0.15	0.04
		Total Value - to date	5.1	5.42	5.6

Current	11	Number of 'open' cases	56	59	65
Legal Cases	12	Current value of 'open' cases	1.96	1.98	1.96
Legal Recovery	13a	Number of cases resulting in recovery	86	89	95
	13b	Value of debt collected	2.48	2.54	2.83
	13c	Value of debt secured by charging order	0.16	0.16	0.18
	13d	Value of debt due by instalments	0.04	0.05	0.02
	13e	Value of debt no longer in dispute	0.44	0.39	0.44
	13f	Overall value of legal recovery action	3.12	3.15	3.47
	13g	Legal costs / expenses (external)	-0.16	-0.19	-0.19
	13h	Net recovery - Legal cases	2.96	2.96	3.28
Write-Offs	14	Number of cases		25	41
	15	Value of debt		0.03	0.1
	*	<b>Unsecured debt not subject to Legal action</b>			
	2*	Unsecured (no specific reason identified)	3.06	2.81	2.23
	2g*	Total unsecured debt subject to a recovery 'block'	1.96	2.04	1.75
	4*	ASC Deputyship	0.7	0.90	1.45
		<b>Total Unsecured debt not subject to Legal action</b>	<b>5.72</b>	<b>5.75</b>	<b>5.43</b>

\* N/A for April

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**Explanatory Notes:**

- 1 Secured Debt: current value of debt secured against property and payable upon a future event  
Secured debt: section 55 Deferred Payment Agreement / Legal Charge - payable 56 days after death  
Secured debt: section 22 Imposed Legal Charge for failure to pay charges - payable on disposal of property
- 2\* Unsecured debt: value of outstanding debt that is not secured against property
- 2a Unsecured debt: a query / complaint has been raised by the debtor
- 2b Unsecured debt: a query / complaint has been resolved and account requires adjustment
- 2c Unsecured debt: deceased case awaiting grant of probate to resolve
- 2d Unsecured debt: payment of arrears by instalments has been agreed
- 2e Unsecured debt: debtor has applied for a deferred payment agreement
- 2f Unsecured debt: a charging order has been applied to property following litigation
- 2g\* Unsecured debt: Total: where a reason for non-payment is recorded and dunning suspended
- 3 Current value of cases referred to Legal Services for formal recovery action  
Current value of cases referred to the Deputyship Team to investigate and where possible put appropriate arrangements in place to manage the finances of persons who lack mental capacity
- 4\* Total value of care charges raised in the last month. These charges become due after 30 days
- 6 Total value of debt owed to Surrey County Council.  
Debt paid as a proportion of charges raised (NB proportion will be lower than 100% as charges include secured debt)
- 8 Proportion of charges collected by direct debit
- 9 Number of cases referred to Legal Services for recovery - IM: in month; YTD: year to date; TTD: total to date
- 10 Value of cases referred to Legal Services for recovery - IM: in month; YTD: year to date; TTD: total to date
- 11 Number of current and 'open' legal cases being pursued
- 12 Value of current and 'open' legal cases being pursued
- 13a Number of Legal cases where debt has been recovered - IM: in month; YTD: year to date; TTD: total to date
- 13b Value of debt recovered from Legal cases - IM: in month; YTD: year to date; TTD: total to date
- 13c Value of debt secured by charging order / legal charge (Legal cases) - TTD: total to date
- 13d Value of debt agreed to be paid by instalments from (Legal cases) - TTD: total to date
- 13e Value of debt no longer 'in dispute' and payment awaiting specific event - e.g probate / sale of property - TTD: total to date
- 13f Gross value of legal recovery action taken - TTD: total to date
- 13g Legal costs / expenses incurred in Legal recovery action (NB net figure - ie it takes account of costs recovered) - TTD: total to date
- 13h Net value of Legal recovery action
- 14 Number of cases approved for write-off in month
- 15 Aggregate value of write-offs approved in month
- 15a Value of write-offs: debtor bankrupt / insolvent / no means to pay
- 15b Value of write-offs: debtor deceased and insufficient funds in the estate to meet the debt
- 15c Value of write-offs: debtor absconded and cannot be traced
- 15d Value of write-offs: uneconomical to pursue the debt further
- 15e Value of write-offs: evidence is inconclusive and legal recommends write-off
- 15f Value of write-offs: compromise settlement reached; balance to write-off

## Financial Assessment and Benefits

6. The rapid improvement event held in June 2013 looked at the end-to-end process from the initial financial discussion to the collection of the debt. One significant outcome of the RIE was the transfer of responsibility for the 'paying for care conversation' from care practitioners to the Financial Assessment and Benefit [FAB] Advisers. The new process was piloted in September and rolled out county wide from 25 November 2013.

7. As at 6 February 2014, the FAB Teams had received more than 1,400 referrals. This figure is almost 45% higher than the RIE figures suggested. In part this unexpected volume may be a consequence of the new Surrey Referral and Assessment process [SRA] that was also rolled out in November and has improved the throughput of assessments. We are closely monitoring referral volumes to establish whether the numbers will remain high in the longer term and determine whether to streamline the process or consider the level of resources in FAB.

8. It is too soon to fully determine the success of the new process. However, the indications are extremely positive and the following paragraphs show the progress to date against the desired outcomes from the review of the front end of the process.

9. The key FAB actions emerging from the RIE were:

*i. A clear timely customer focused process that maximises income raised and the proportion collected*

The target from the RIE was for the FAB Team to contact the person or their financial agent within 3 working days of receipt of the referral. In the first eleven weeks since go live, contact was made with over 50% of people in 3 days, (80% of people have had some sort of contact – messages left on answer phones to call back or letters sent where they could not be reached.) The 3 day target was always going to be a challenge but the volume of referrals has made the 3 day target particularly difficult to achieve.

Where people have been visited they have been told in advance of service provision how much they will have to contribute towards their support and of those most are receiving an invoice within the first month of service provision. A sample check of accounts raised under the new process is ongoing and full details can be given at the meeting, but so far that all but of those checked have paid: 1 account is already in the debt-chasing process and 1 account is in dispute. From April, we plan to report on the volume of financial assessments that are completed in advance of the service being provided.

*ii. Increase in Benefit take-up*

116 people have been identified as having a benefit entitlement not in payment since the new process. All have been offered or given support to make a claim. Claim outcomes have been reviewed charges reassessed where applicable. The average time to process a claim, depending on the benefit, is currently between 6 – 10 weeks. A more detailed analysis of the impact of benefit take-up can be given at the next meeting of the Select Committee.

*iii. A process that is right first time, responsive and flexible to the changing requirements and needs of service users.*

FAB Teams are having quality conversations around charging and benefit take up. Everyone is given the opportunity to meet with an adviser face to face or have a telephone assessment. Flexible options such as, meeting out of county relatives when they next visit, using locality offices for joint meetings with care practitioners and early evening telephone assessments have been taken up.

However, around 100 referrals have been received from hospital teams where it has not been possible to have 'the paying care conversation' or undertake a financial assessment for this client group. A presence in the acute hospitals would allow us to give quality information and advice up-front around charging and the ability to give the person an indication on what they may expect to pay pending a home visit upon discharge. Options will be explored for whether that can be resourced going forward.

*iv. Appropriate indicators are in place to measure performance and enable a proactive approach to removing bottlenecks and issues*

The FAB Teams have a number of performance measures following the RIE.

From April 2014 we propose reporting on two key measures:

- \* Timeliness of assessments – i.e. the % of assessments completed in advance of service provision
- \* The impact of benefit take-up

*v. Introduce process ownership with clearly defined roles and responsibilities throughout the process to reduce hand-offs*

Robust written processes are in place and regular meetings arranged between FAB and Credit Control.

### **Accounts Receivable**

10. It is expected that unsecured care debt will be reduced by £1m this financial year from the April position of £6.89m as set out in the Table on pages 2-3 (unsecured blocked (reasons identified) + unsecured not blocked + legal as at 1 April = 2 + 2g = 3 on the table). At the end of January the figure was £5.89m, so that £1m reduction will be achieved unless the position worsens in the remainder of the year.

11. Reviews of tasks that support the income collection process are ongoing, including online payments, reporting, printing and dispatch of invoices and statements. It should be possible to save staff time and use the additional hours to boost debt recovery work.

12. A further reduction in debt is expected when the assessment RIE improvements have bedded in. The new speedy assessment process will reduce the time between

service being received and the first bill being sent. As a result first bills will be lower value and more likely to be paid on time.

**Conclusions:**

13. Unsecured debt outstanding has fallen over the year to date in the context of increased income collection, and it is expected that further improvements will result from the actions rolled out from November following the Rapid Improvement Event

Those actions were summarized as follows:

- A clear timely customer focused process, that maximises income raised and the proportion collected
- A process that is right first time, responsive and flexible to the changing requirements and needs of service users.
- Appropriate indicators are in place to measure performance and enable a proactive approach to removing bottlenecks and issues
- Introduce process ownership with clearly defined roles and responsibilities throughout the process to reduce hand-offs
- Assess early identification of complex, difficult and High risk cases
- Ensure outcomes link into previous RIEs on care assessment and billing process and model office
- Improve relationships between teams/people in the process

A full update on the implementation of the actions stemming from that will be included in the next monitoring report, by which time it should be possible to judge its success.

**Recommendations:**

14. It is recommended that members note the current position, and continue to receive six monthly reports in 2014/15.

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**Report contact:**

Paul Carey-Kent, Strategic Finance Manager, Adult Social Care, Public Health & Fire, Finance (Business Services)

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## APPENDIX 1: AUDIT MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.13	Reporting on Social Care Debt to the ASC Select Committee must include a regular update on credit balances and reported balances should be gross.	Medium	Monthly reporting to Process Management Meetings and to future Adult Social Care Committees	Effective immediately - done	Paul Carey-Kent/Jackie Knutton	Yes
5.14	It is essential that the Personal Care and Support and ASC Finance teams work together to produce consistent guidance for managing credit balances which includes a clear escalation process for cases where the next of kin or beneficiaries cannot be traced.	Medium	<p>Clarification of requirements with Legal Services, then guidance to be issued</p> <p>Procedure for dealing with credit balances in the Locality Teams is in draft and will be signed off by end of March 2014.</p> <p>Discussions are under way between Credit Management and ASC Finance to ensure a consistent overall approach, which will be signed off by end of March 2014.</p>	Aim to complete by April 2014.	Paul Carey-Kent/Jackie Knutton	Yes.
Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.15	If after reasonable efforts have been made it has not been possible to trace the next of kin or executors individual balances less than or equal to £500 should be transferred to the home's welfare fund or budget for the benefit of all people	Medium	<p>Incorporate in guidance as at (5.14) above.</p> <p>Transfer will now be made to welfare accounts in appropriate cases.</p>	Aim to complete by April 2014	Paul Carey-Kent/Jackie Knutton	Yes



5.16	<p>who use that service with detailed notes to evidence the transfer. In the case of pension collect and client accounts the balances should be written back with full explanatory notes.</p> <p>Where the deceased died without a will or any living relatives individual balances over £500 should be referred to TSoL. (Refer to TSoL guidance on Referring Estates to The Treasury Solicitor.)</p>	Medium	<p>To be covered in new SAP balances guidance procedures.</p> <p>Discussions are under way between Credit Management and ASC Finance to ensure a consistent overall approach, which will be signed off by end of March 2014.</p>	31/01/2014	Jackie Knutton	Yes
5.17	<p>A systematic approach should be adopted to manage deceased client credit balances. All material balances including those in the suspense account must be investigated proportionately and corrective action taken.</p>	High	<p>Incorporate in guidance as at (5.14) above.</p>	Aim to complete by April 2014	Paul Carey-Kent/Jackie Knutton / Toni Carney	Yes

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Audit Agree?
5.18	Full explanatory notes and copies of correspondence should be recorded on AIS or WISDOM as appropriate.	High	Incorporate in guidance as at (5.14) above.	Aim to complete by April 2014	Paul Carey-Kent/Jackie Knutton / Toni Carney	Yes
5.24	Job descriptions should be updated or re-circulated as appropriate to reflect	Medium	Address as far as possible within current RIE and sourcing review	Aim to complete by April 2014	David Sargeant	Yes

5.27	responsibilities with regard to managing credit balances.  Responsibility for collecting and reviewing the next of kin information should be clearly assigned to a service area and reviewed as part of the client's annual care review. No client should exist in AIS who does not have next of kin data. Where there is no next of kin a note should be made to record this.	Medium	processes.  Not now clear that revision of job descriptions is the best route: further discussion under way.  The guidance will define which specific team will collect the next of kin information.  Recording Guidance and Best Practice procedure for front-line staff in PC&S includes the instruction for practitioners to record next of kin in AIS and to keep this up to date on open cases. This will be issued to all front-line staff by the end of February 2014.	Aim to complete by April 2014	David Sargeant	Yes
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## APPENDIX 2 Debt Benchmarking Data

In September members asked to be updated on what benchmarking data is available on social care debt.

CIPFA, the Chartered Institute of Public Finance and Accounting, run a number of benchmarking clubs. These clubs are voluntary for Local Authorities to participate in.

One such club is the Financial Assessment Benchmarking Club, within which some indicators on 'Collection Performance' are recorded. 28 authorities participate in this club.

### COLLECTION PERFORMANCE

	Residential			Non-residential		
	£'000	% Ann. charge	Avg	£'000	% Ann. charge	Avg
Debt brought forward 1/4/12	16,033	46%	37%	1,024	26%	19%
Charges assessed*	34,970	100%	100%	3,989	100%	100%
Collected*	33,535	96%	96%	3,832	96%	95%
Written off*	421	1.2%	1.3%	27	0.7%	1.5%
Out-standing 31/3/13	17,046	49%	39%	1,155	29%	25%
Income secured included	na	na	15%	na	na	1%
Income secured not included	na	na	6%	na	na	na

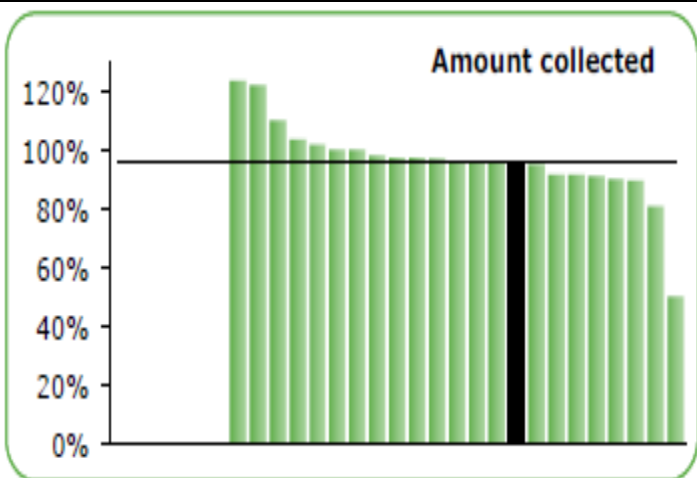
\* Assessed, collected, or written off during 2012/13

This table gives the reported summary for Surrey County Council, with proportions compared to the average of the 28 responding Authorities.

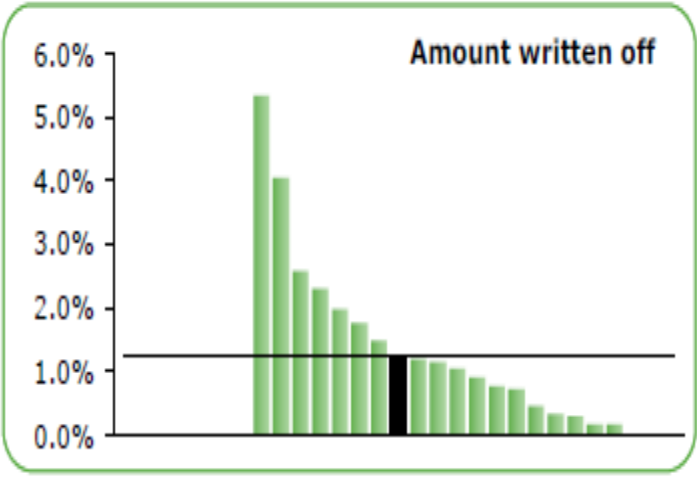
In the table where 'na' is indicated, the data was not provided by the LA.

**Collection Performance: Residential**

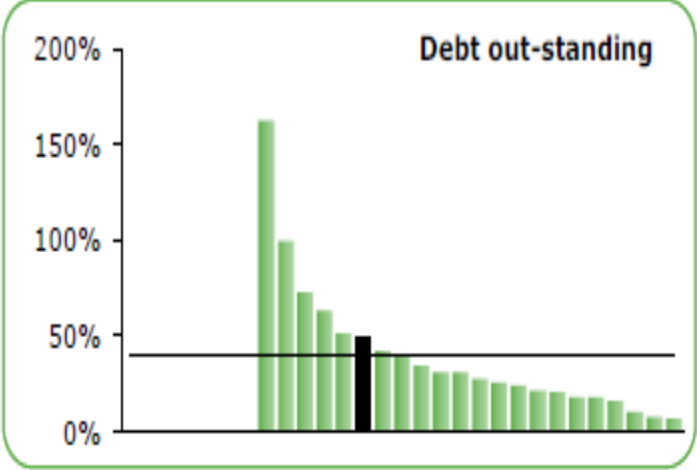
The graphs below indicate the performance of Surrey County Council (black bar) compared to responding authorities.



This is the amount collected by the authority. Amounts around 100% would indicate a 'steady state' e.g. the value of the amounts collected are equivalent to the amounts raised. It's likely that Authorities with higher than 100% collected outstanding debt from past years in this collection period



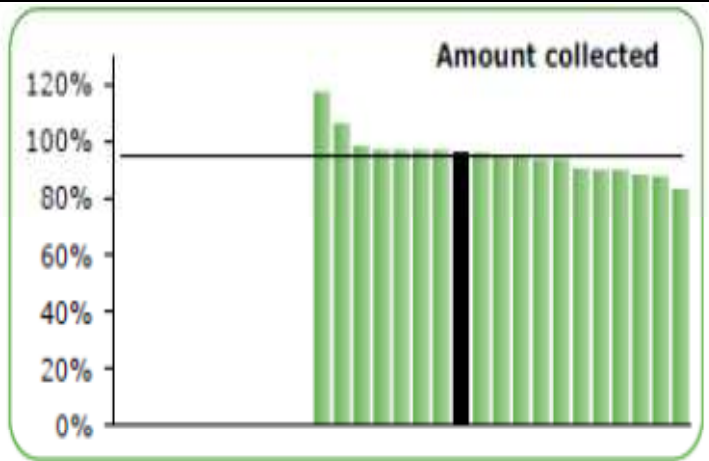
This is the amount written off as a proportion of debts raised. The data suggests SCC are right on the average debt write off levels at c1% in the last year



This is the total debt outstanding as a proportion of debt raised. Whilst slightly above the average for responders, the collection performance table indicates a slight increase in debt outstanding when compared to the previous year.. This is consistent with a year on year increase in the secured debt, raised, but not yet collectable against property.

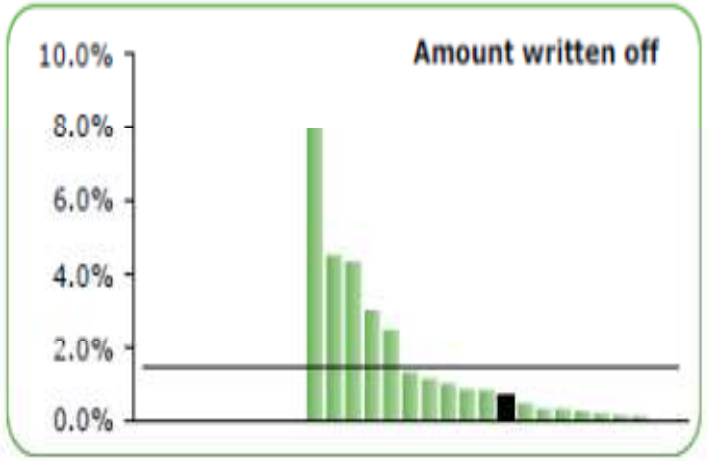
**Collection Performance: Non-Residential**

The graphs below indicate the performance of Surrey County Council (black bar) compared to responding authorities.

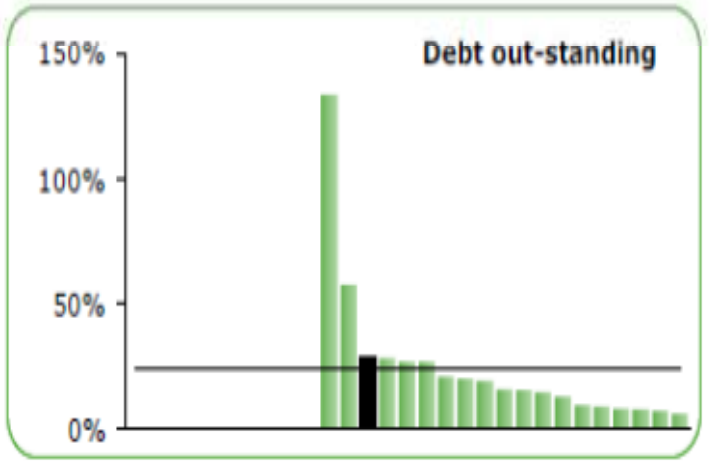


This is the amount collected by the authority. Again, amounts around 100% would indicate a 'steady state'

Whilst more or less on the average for responding Local Authorities, the reported amount of residential debt rose in the year by £131k.



This is the amount written off as a proportion of debts raised. The data suggests SCC are below the average debt write off levels at 0.7%



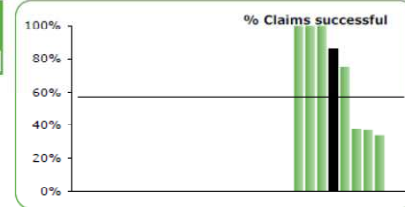
This is the total debt outstanding as a proportion of debt raised. Surrey CC has one of the highest levels of outstanding non-residential debt as a proportion of debts raised.

**Recovery Action**

Recovery action measures the effectiveness of formal actions taken to recover unpaid debt.

RECOVERY ACTION

Claims to court in last 12 months				
	Total	Success	%	Avg
Claims to court	14	12	86%	57%



Compared to responders, Surrey CC compares well to the average recovery action success rate with 86% of actions being successful (12 out of 14 reported).

Payment by Direct Debits

Direct Debit is a cost effective way of billing for social care debts, putting Surrey in control of the amounts and frequency of billing.

## DIRECT DEBIT

Number of service users paying by Direct Debit



Paying by Direct Debit		
	%	Avg
Residential	67.8%	25.7%
Non-residential	61.9%	24.4%

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Compared to the responding averages of 25.7% and 24.4%, Surrey has a greater proportion of service users paying by Direct Debit of 67.8% and non-residential debt volumes of 61.9%.

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