



**Audit & Governance Committee  
31 July 2014**

**Social Care Debt**

**Purpose of the report:**

The Committee has requested a progress report with particular emphasis on the proportion of payments made by direct debit.

**Recommendations:**

It is recommended that:

1. The Committee consider the debt position for Adult Social Care services.

**Introduction:**

2. The Committee has previously taken an interest in the level of social care debt (which is regularly monitored by the ASC Select Committee) and has now requested a progress report with particular emphasis on the proportion of payments made by direct debit and an explanation of the Deputyship Team's work. This report can be read in conjunction with the internal audit report also on this agenda.

**Use of direct debits**

3. Current methods of paying for social care can be summarised as follows:

<b>Current Payment methods</b>	
Direct debit	65%
Online	6%
Posted to County Hall	9%
Processed via bank	20%



It is the Council's policy to encourage maximum possible use of direct debit as a means of payment, and there is currently a target of achieving 65% by this means for ASC clients. Progress has been good in recent years, but it is proving hard to increase the current rate: the mid year proportion of payments collected by direct debit has been 52% (2010) – 59% (2011) – 64% (2012) – 64% (2013) and is now at 65%.

4. Shared services send a direct debit promotion at least twice a year to all customers who do not currently pay by direct debit and this usually attracts an additional 70 customers each time. Shared service helpdesk have been speaking to customers who pay over the phone and explaining the benefits of DD. This approach started in January 2014 and is an ongoing promotion exercise.
5. Only 22% would consider changing to DD the other 78% have various reasons for not wanting to use DD, the reasons can be summarised as follows:

<b>Shared Service Helpdesk survey of customers requesting mediated online payments Jan - April 14</b>		
Customer sent DD instruction	48	22%
Wrong amounts billed	2	
Wish to control own spend	126	
Problems with previous DD	6	
End of service	20	
Funds not available on due date	15	78%
	217	

That suggests that the dominant issue among the 35% not using direct debit is clients' desire for full control of their payment timings, which is not easy to tackle.

6. During the new face to face assessment meetings with the FAB teams customers are encouraged to pay by direct debit, this started in November 2013 and as a result there was an increase of new mandates in November and February.
7. Charges are collected from some 4,400 customers each month. The average monthly volume of new direct debit instructions for care services is 100 with an average of 75 cancellations, usually because the service has ceased. That is sufficient to maintain the proportion paying by direct debit as client numbers increase, but not to drive a significant increase.

#### **Level of Debt**

8. During the 2013/14 financial year there was a 9% (£1.44m) reduction in the overall balance of social care debt. This decrease was distributed across both secured and unsecured debt, as shown in the table below.

	<b>April 2013</b>	<b>March 2014</b>	<b>Trend</b>
Secured debt	£7.30m	£6.33m	-13.3%
Unsecured debt	£7.59m	£7.07m	-6.9%
Total debt including credit balances	£14.89m	£13.40m	-10%
<b>Total debt excluding credit balances</b>	<b>£15.50m</b>	<b>£14.06m</b>	<b>-9%</b>

Some £0.3m of this £1.4m positive trend can be attributed to an increased level of write-off in 2013/14:

- 2011/12 - £0.37m
- 2012/13 - £0.45m
- 2013/14 - £0.73m

9. Annex A provides more detail on the relevant issues, and illustrates the reporting in place to the Adult Social Care Select Committee. 2014/15 has started positively, as set out in Annex B, with total debt including credit balances of £13.26m at the end of May.

#### **The Deputyship Team**

10. There has been an increase in the amount of debt managed by the Deputyship Team in 2013/14 in line with an increase in case work. The Deputyship Team applies to the Court of Protection (or in some cases the Department of Work and Pensions) for the Council to manage the finances of people who are deemed to lack the capacity to manage their own financial affairs (where there is no other suitable and willing person able to do so). In some circumstances, depending on the person's assets, the Council's application to the Court requests the appointment of a solicitor from the Office of Public Guardian's approved panel of solicitors.
11. The Court application process takes around 4 to 6 months depending on whether the matter is straightforward, after which the Deputy can begin to verify the assets of the person and obtain control of any bank accounts etc.
12. In March 2013, the amount of debt managed by the team was £0.63m in respect of 57 cases where an application to the Court was deemed necessary. The amount of debt managed by the team increased to £1.41m in March 2014 in respect of 112 accounts, though by April 2014 the debt on these accounts had reduced by £300k to £1.1m. £200k of the £1.1m is secured with legal charges against property. At the point of referral to the Deputyship Team a significant debt has often accrued contributing to the large sum managed by the team.

13. The Deputyship Team arrange to pay ongoing charges by Direct Debit where finances are stable. Where there is an outstanding debt on a case it is either because there is no legal authority in place to deal with the person's finances, the finances and liabilities have not yet been verified or in a small number of cases, the assets have been depleted by a third party.
14. In addition to the above cases, the team manage the finances of a further 318 people under corporate appointeeship, i.e. appointed by the Department of Work and Pensions to manage state benefits only.
15. There is no obvious reason why the volume of referrals to the Deputyship Team has increased, though raising awareness of the services provided by the team has undoubtedly had some impact. There is a continuing trend for transfers to the team, for example 35 cases are in the process of being transferred from Advocacy in Action, a charity organisation in Dorking that will cease operating later this year.

### Conclusions

16. Although it is proving difficult to substantially increase direct debit payment, debt collection trends were positive in 2013-14. The Adult Social Care Select Committee report from March 2014 gives broader details, including of the changes made in late 2013-14, which it is hoped will further improve the position. The early signs are positive in 2014-15.

### Financial and value for money implications

17. None unless particular change proposals are made.

### Equalities and Diversity Implications

18. The charging regime stems from Government rules, for which Equality Impacts are assessed at a national level.

### Risk Management Implications

19. This report makes no substantive recommendations, so any assessment of risk will stem from any proposals made by the Committee.

### Next steps:

20. Adult Social Care Select Committee will continue to monitor the level of social care debt.

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**Sources/background papers:** March report to ASC Select Committee (Annex A)

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