SURREY
COUNTY COUNCIL

Adult Social Care Select Committee
30 November 2012

Social Care Debt

Purpose of the report: Scrutiny of Services

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 as at the end of September 2012. Both areas of activity aim to maximise income and reduce the level of uncollected social care debt.

Progress Update: Raising charges and Benefits Maximisation

2. The Financial Assessment and Benefit [FAB] teams have migrated all residential and nursing assessments from Abacus to SWIFT with the exception of cases involving property debt. The property cases will be transferred by the end of the calendar year subject to satisfactory testing of the interface between SWIFT and SAP.

3. A reconciliation of SWIFT records is underway to ensure that all relevant residential and nursing placements have a financial assessment. Going forward the workflow will automatically refer cases to the FAB team negating the need for further reconciliations.

4. The teams will be commencing the review and migration of non-residential assessments, which will incorporate checks to ensure that all benefits are being claimed as appropriate. The target date for completion of this work is March 2013.

Progress Update: Debt Collection

5. Since August 2011 to date care debt collected totalled **£36.56m** compared to **£35.86m** charges raised - showing a **101.95%** collection

rate on that billed. Levels collected are consistently over 100% of that billed which continues to reflect the ongoing work to reduce overall debt levels.

6. Since the last report total unsecured debt has **increased** from **£7.03m** to **£7.38m**. Secured debt has **increased** from **£6.65m** to **£7.02m** as a number of legal charges against property have been secured.

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 during September 2012, **64.86%** of payments were received by this method (down 0.61 on the 65.47% August rate reported in October). Our target of 65% in the 2012/13 financial year therefore continues to be met. A new target will be set for 2013/14.

8. Currently **88.64%** of unsecured social care debt is less than two years old compared to September 2011 when the position stood at **89.92%**. Although the September 2011 position was a little higher, that was still reflecting a specific aged debt exercise carried out around that time. There are also always fluctuations during the year as the trend graph in paragraph 12 shows. All teams continue to remain focused on reducing debt levels.

9. We continue to promote awareness and take-up of our "e" billing option amongst clients who pay by direct debit or electronically (eg by BACS or via the Council's website). Around 22% of clients currently receive their bill by email.

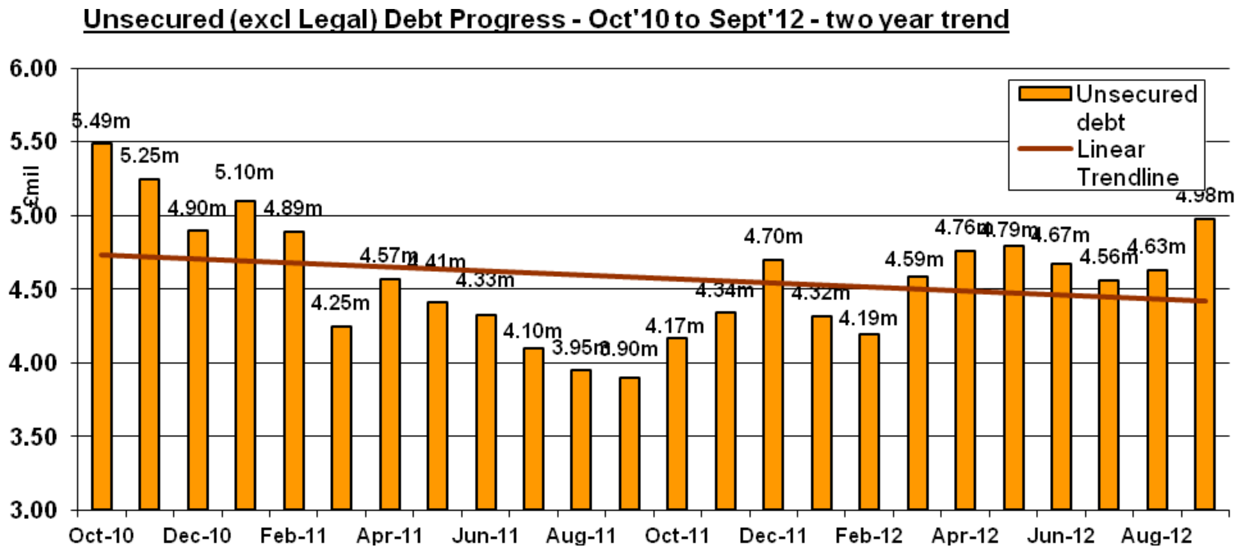
Debt Position

10. New debt of £3.09m was raised in September. The total debt on the system may be summarised as follows:

	£m
Less than 30 days old (including new charges raised, not yet overdue, not otherwise covered by this report)	**3.03**
Secured debt	**7.02**
Unsecured debt	**7.38**
Total	**17.43**

Unsecured Social Care Debt currently stands at **£7.38m** of which **£2.40m** is referred to Legal Services and remains as open cases. As at 30th September, 73 accounts (with balances over £75) have been written off with a value of £280,446.

11. This leaves a further collectable debt of **£4.98m** of which **£4.42m** is less than two years old.



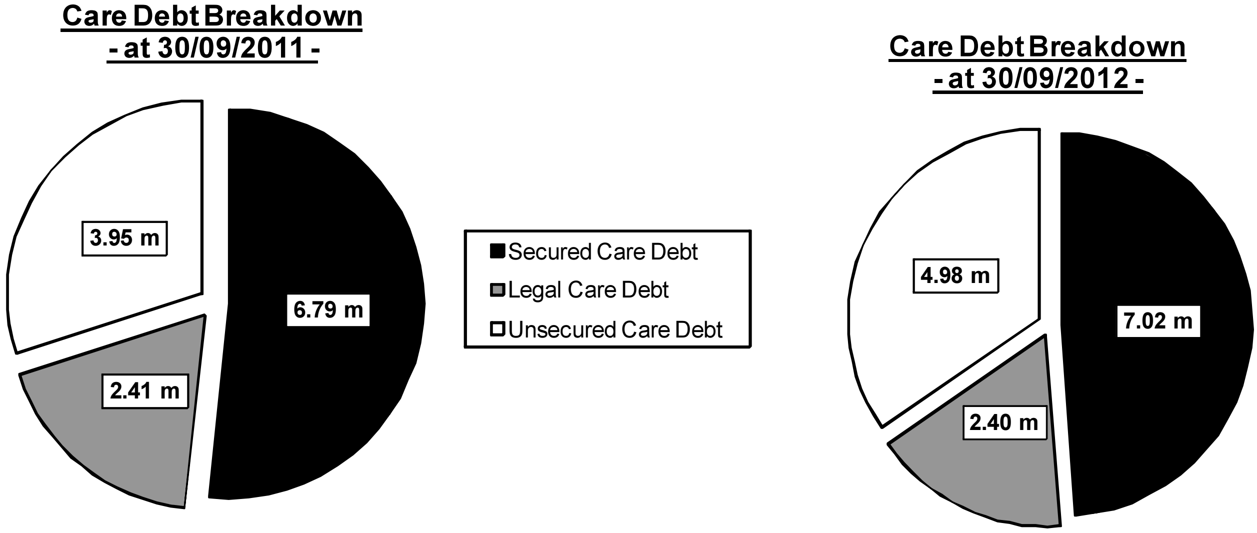
12. Clearly there has been a worsening of the position during September. Whilst this may be linked to external factors, it is also possible that resourcing and system issues in Adult Social Care and Finance Shared Service have contributed to the impact on debt collection figures. Accordingly, officers from both Directorates will be working together to identify potential causes and to take the necessary steps to improve the position.

13. Of the collectible debt, £0.55m is monitored by the Adults Deputyship Team. This figure has reduced by over £200k from the previous report, following successful applications to the Court of Protection requesting the appointment of a solicitor in respect of 3 cases where a property needs to be sold. A further £70k is pending payment in respect of 2 cases where the team has secured funds. The remainder of the debt is either pending appointment of a Deputy by the Court of Protection, pending an application to the Court or under investigation to identify whether funds are available to settle the debt.

14. A further **£7.02m** is currently secured against property.

Debt Profile – September 2011 to September 2012 Comparison

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



Legal Action Cases: Update to 30th September 2012

16. Since May 2008, 178 cases have been referred for legal action amounting to £4.76m at the date of referral. 62 cases are "open" with a current debt value of £2.40m.

17. £2.08m has been recovered and "banked" (£1.93m net of costs), with further sums due under instalment arrangements, secured by charging order, or otherwise agreed to be 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**
2,077	68	163	386	**2,694**	**2,546**

18. In summary, £2.69m gross (£2.54m net) has been banked, secured or agreed to be paid.

19. During July, the Debt Recovery Manager outlined the process of social care debt recovery, and the experience Surrey has gained over the last 4 years, at a joint training event with SCC's legal team, DWF, Solicitors and 1 Chancery Lane Chambers. The training covered both the legal complexities and practical issues for successful recovery of this type of debt and was tailored for local authority finance managers and legal officers. The event received very positive feedback; and an article covering the same topic also appeared in the Local Government Lawyer in August.

Conclusions:

Financial and value for money implications

20. 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. The adverse trend in September is a cause for concern: it confirms the need to monitor the position closely to ensure that is the case.

Equalities Implications

21. 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

22. 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

23. 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:

24. In view of the adverse trend in September, a further report be brought to the Committee's meeting on 14th February 2013, ie the next meeting, rather than the established approach of reporting formally every other cycle.

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Sources/background papers: SAP reports

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