



Social Care Services Board
9 July 2015

Annual Adult Social Care Debt report.

Purpose of the report: Scrutiny of Services and Policy Development & Review

The Adult Social Care Select Committee requested an annual report on the Adult Social Care debt position. This report has been prepared for the newly formed Social Care Services Board.

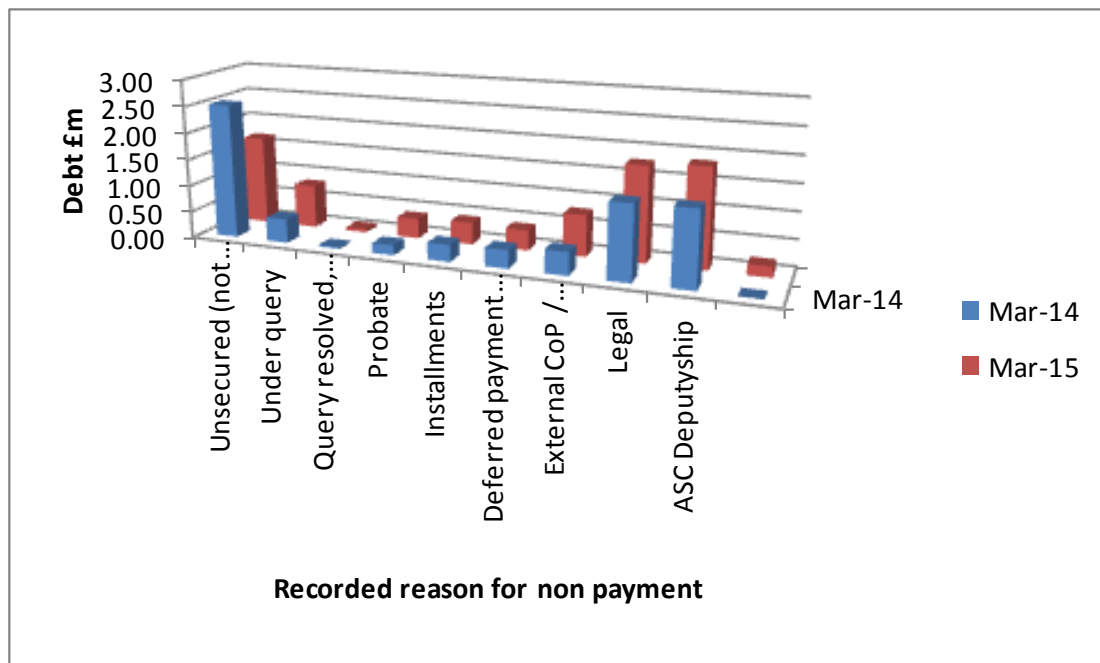
Introduction:

1. When a local authority arranges care and support to meet a person's eligible needs, the local authority may ask the person to pay towards the cost of providing that support, subject to an assessment of the person's finances. The charging arrangements are long standing and include the power to charge for care provided in the person's own home as well as charging for residential and nursing care arranged by the local authority.
2. In general, the local authority has a duty to provide services to meet the person's eligible needs regardless of whether or not the person pays the assessed charge. If a debt accrues, the local authority cannot withdraw services but is entitled to recover the debt through the courts if necessary.
3. The previous Adult Social Care Select Committee requested an annual report on the outstanding debt position. This report summarises the Adult Social Care (ASC) debt position as at the end of March 2015.

ASC Social Care debt position as at March 2015

4. ASC debt is broadly managed through three core processes:

- a) The financial assessment and charging for ASC support – The Financial Assessment and Benefits (FAB) Team
 - b) The generating of monthly statements for ASC charges and collecting payment of that debt – the Orbis Business Operations Team
 - c) Litigation to pursue unpaid debt when all other avenues have been exhausted – The Legal Services Litigation Team
5. This report contains a narrative from each of the process owners for the three processes listed above
 6. The overall ASC debt position as at March 2015 is provided as Appendix A to this report.
 7. For the purpose of this summary, ASC debt is recognised at the point at which the charge is made within the financial system (predominantly when an individual charge is raised against a client account and a statement is raised and sent.). Therefore, any ASC debt relating to individual cases that are in the process of being set up will not be included, even though they may be in receipt of a chargeable service.
 8. The total ASC debt outstanding as at 31 March 2015 was £17.21m net (£17.96m gross after deduction of credit balances – lines 6 and 6a in Appendix A) an increase of £0.5m net since March 2014 (£0.59m gross).
 9. Of the total debt, £3.18m (line 5 of Appendix A) was raised within 30 days of the reporting date (in March) and would therefore not have fallen due for payment at the time the summary was produced (shown as the 'Total' line in Appendix A).
 10. The further analysis of debt is therefore based on debt that has fallen due, being more than 30 days old.
 11. The trend for overall ASC debt older than one month old is an increase over the same period in 2014 period of the table in Appendix A (March 2014 to March 2015). The total value of debt outstanding older than one month old has increased from £13.40m to £14.03m. The underlying trend is for the continuing reduction in secured debt (£6.33m to 5.72m in line 2* of Appendix A) and an increase in unsecured debt (£7.07m to £8.31m as subtotal unsecured debt outstanding in Appendix A)
 12. Of the unsecured debt (debt that is greater than one month old), the breakdown is as follows:



13. Comparing the data in the graph above, the increased categorisation and recording of the reasons for debt being unpaid continues with less debt not having a specific reason. Whilst the unsecured debt has increased slightly over the same period, the amount of unsecured debt outstanding which is not covered by the existing reportable categories (line 2* on Appendix A) has reduced, evidencing continuing scrutiny and understanding of outstanding ASC debt accounts. For the new financial year, additional categories will be added to the financial system, further enhancing reporting and scrutiny of outstanding debt.
14. From 1 April 2015, local authorities were required to implement part 1 of the Care Act 2014. Fundamental reforms to the way people contribute towards their care will become law from April 2016. The changes from 1 April 2015 were relatively minor. However, one significant change from April 2015, is the removal of the power to register a legal charge against a person's property to secure a debt in respect of residential charges. This means that there is likely to be an increase in the amount of unsecured debt versus secured debt and this may result in the need for further action through the courts.

Credit Balances

15. At the time of reporting the total value of accounts with credit balances is £690,000 (lines 6a(1) and 6a(2) in Appendix A), compared to £660,000 as at March 2014.

Reports from the Process Owners:

Financial Assessment and Benefits (FAB) Process Owner's report

16. Following the rapid improvement event [RIE] held in June 2013, the FAB service has continued to experience higher volumes of referrals than projected in the RIE. The new eligibility criteria introduced under the Care Act 2014 means that we cannot prioritise people for a financial assessment based on the level of need and the imminence of service (the assessment of low, moderate, substantial or critical need no longer applies). We, therefore, have to aim to assess people as quickly as possible regardless of need.
17. To assist with the workload management, we have restructured the service creating one front door for FAB. We now have a centralised administrative support team with one telephone number, one email address and a central postal address to improve access to the service for people. The aim is to answer calls first time and provide information and advice wherever possible. We have increased resources in the FAB service to deal with the volume of referrals and enquiries and are starting to see the benefits of having a centralised team.
18. In 2014/15 the FAB service raised £42.4m in charges, an increase of more than £2 m over the previous year and £748,000 more than the income target.
19. The FAB service has continued to focus efforts on reducing the incidence of accounts with backdated charges (i.e. more than eight weeks). We have conversations with colleagues where there is a need to change practice or reinforce the message about timeliness of referrals. As a result of this effort, we have reduced the incidence of backdated charges from an estimated 170 cases per month pre- RIE to an average 83 per month in 2014/15.
20. The timeliness of assessments continues to be a challenge because of the volume of referrals. However, in the three month period January 2015 to March 2015, FAB received 1,772 new referrals, at the end of March 2015, only 78 of the referrals with a service in place were awaiting a financial assessment.
21. From May 2015 the FAB service has direct access to the Department of Work and Pensions (DWP) Customer Information System (CIS). CIS is the database used by the DWP and holds details of the benefits in payment to people. By accessing CIS, the FAB service can gather financial information to complete financial assessments more rapidly. The system will be particularly beneficial for identifying people on low income who merit a 'light touch' assessment.
22. The CIS database will also help improve our performance around benefit take-up, a key target for the FAB service. In 2014/15 the FAB service generated £1.3m in additional benefits for people. At the time of reporting, there were 341 claims outstanding which would indicate that this figure will increase significantly. We can use CIS to track these claims.

Currently, six members of staff have access to CIS but we plan to roll this out to the whole service in the next few weeks.

Order to Cash Process Owner's report:

23. The process for issuing statements, applying cash received and sending reminders is automated in SAP (SCC's finance system) and takes very little resource time. Statements and reminders are issued promptly and cash receipts applied by 11am each day.
24. Customers receive a response within 24 hours and we work closely with helpdesk colleagues to ensure that our service is regularly reviewed and improved. We share team news, process updates and improvement ideas at process ownership meetings with ASC and finance colleagues and at operational meetings with FAB team managers.
25. In 2014/15 we added review date functionality and new indicators to SAP to provide more detailed management reports. These allow better caseload management, trend monitoring, resource planning and help us to identify new areas for improvement.
26. During 15/16 we will be working with ASC and IMT on Care Act changes that impact the customer statement. We also plan to improve the quality of the transactional information and in conjunction with the behavioural insight team we will be reviewing our debt communications to encourage customers to pay sooner.
27. We will be meeting with Orbis operations colleagues from East Sussex County Council in the next few months to discuss processes and share knowledge. The sessions will inform our process improvement plans.

Process Owner's Report – Legal Services:

28. The table below summarises the current status and progress of legal recovery action taken (from 1 April 2008) up to 31 March 2015:

Legal Referrals	Total Number of cases referred	231
	Total Value of debt at date referred	6.00
Current Legal Cases	Number of 'open' cases	72
	Current value of 'open' cases	1.83
Legal Recovery	Number of cases with recovery	111
	Number of cases with write off/partial write off	52
	Value of debt collected	3.07
	Value of debt secured by charging order	0.25
	Value of debt due by instalments	0.06

Value of debt no longer in dispute	4.89
Overall value of legal recovery action	3.87
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External Legal costs / expenses	-0.22
Net value - legal cases	3.65

Conclusions:

29. The level of unpaid ASC debt older than one month remains at around £14m.
30. Activity to categorise unpaid debt continues, the reason for the non-payment of parts of the debt continue, with a lesser value being categorised as unpaid without a satisfactory reason provided.
31. Liaison continues between all of the process owners supporting the ASC debt process.

Next steps:

32. The ongoing work to categorise debt will continue to be refined with additional categories being added from April 2015.
33. Consideration will be given to the ASC debt process to be reviewed within the Operational Excellence (OPEX) process, where detailed metrics will be collected and deployed to inform the impact on existing and proposed element of the ASC debt process.
34. Additional FAB team resource will be trialled to liaise with non-payers earlier in the process as part of the ongoing care provision contact, rather than as a debt recovery contact. Through this the reasons for non-payment can be understood and where possible resolved before formal debt recovery processes are needed.
35. Opportunities for improving the debt collection process will be considered alongside the re-provisioning of the Adults Information System and other system changes arising from Orbis Business Services Partnership.

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Sources/background papers:

Appendix A - overall Adult Social Care Debt position as at March 2015