

## **Social Care Services Board**

### **26 October 2016**

### **Adult Social Care Debt**

**Purpose of report: This report summarises the Adults Social Care (ASC) debt position as at the end of August 2016.**

#### **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. Charging for adult social care is a long standing practice. The current regulations include a power to charge for residential and nursing care as well as the power to charge for care and support provided in the person's own home.
2. The Social Care Services Board requested an annual report on the outstanding debt position. This report was deferred from an earlier meeting and therefore summarises the debt position as at the end of August 2016.

#### **The charging and collection process**

3. Income from charging is an essential contribution to Adult Social Care's budget to support the delivery of services to help people live and age well. The budgeted income from charging for April 2015 to March 2016 was £43.8 million. The actual income raised was £45.2 million.
4. The financial assessment and charging process is undertaken by the Financial Assessment and Benefits (FAB) Team in Adult Social Care. The timeliness of assessments is an important part of the process to ensure that people are informed in advance of receiving support whether or not they are required to make a contribution and the amount of any contribution. The nature of the service is such that, on occasions, people need urgent arrangements to be put in place regardless of whether or not a financial assessment has been undertaken.
5. The social care practitioner will make a referral to the FAB service when the assessment of need has identified that the person is likely to receive a chargeable service. The FAB service will offer a face to face visit to complete the financial assessment form as well as identify any missing benefit entitlements. The FAB service will also provide details of local organisations who can offer independent advice about the financial assessment, as well as information on how to find a specialist adviser who can provide financial planning advice.

6. The FAB service has direct access to the Department of Work and Pensions (DWP) Customer Information System (CIS). CIS holds details of the benefits paid to people. By accessing CIS, the FAB service can gather financial information to complete financial assessments more rapidly. The FAB service can also identify people who will not have to contribute towards their care and support due to low income and exempt them at an early stage in the assessment process.
7. Charges are raised in the ASC system, Controcc, and passed across to SAP where an account is set up for the individual. The Business Operations Team, part of Orbis, is responsible for sending out the statements, collecting payments and sending reminder letters. During the initial stages of debt recovery they also liaise with the debtor or representative, ASC colleagues and Orbis Public Law.
8. The preferred method of collecting charges is via Direct Debit and we promote this by sending a Direct Debit instruction with every statement and reminder letter. At the end of August 64% of payments were collected by Direct Debit; the turn-over is high but is comparable with the turn-over of cases in general. A previous review indicated that Surrey's Direct Debit is one of the highest amongst comparable local authorities.
9. Reminders for non-payment are issued promptly in accordance with the following dunning (debt-recovery) cycle.
 

Letter 1	13 days
Letter 2	30 days
Letter 3	45 days
10. At the end of the dunning cycle, if there is no arrangement to repay the debt, the Care Act 2014 enables a local authority to make a claim to the County Court for a judgement order to recover the debt. Guidance issued under the Care Act requires a local authority to consider whether it is appropriate to recover the debt in this manner.
11. In the period April 2015 to March 2016, 21 referrals to legal services were made. Following a review of practice, unless there is a compelling reason not to refer the matter to Orbis Law, all cases will be referred for a legal view regarding the prospect of successful recovery of the debt. In the period April 2016 to August 2016, 44 referrals were made to Orbis Law.

<b>Current debt position</b>
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12. The overall ASC debt position as at August 2016 is provided at Appendix A to this report. To illustrate the trend in debt figures are provided for March 2015 and August 2015. This table shows that total outstanding debt rose from £14m in March 2015 to £15.3m in August 2015 and £17.3m in August 2016. This equates to a total increase over the last eighteen months of £3.3m. There will be a number of reasons for this increase, including increased numbers of

people financially assessed to pay contributions towards their care linked to rising demand.

13. In response to concerns about the increasing level of debt the following actions have been agreed:

- The overall end-to-end process ownership of ASC debt has transferred from Finance to the Head of Resources, ASC, with the Director of Finance as sponsor.
- Additional temporary resources have been agreed on an Invest to Save basis for 6 months at a cost of £45k, with the aim of identifying quick wins, identifying the root cause(s), if any, to eliminate on-going debt where poor practise has contributed to the accumulation of debt, and agreeing any process changes to improve collection rates.
- A task and finish group will be set-up in October 2016 , post go-live of the new system, to look at the ASC authorisation process to reduce the incidence of backdated charges.
- A process owners group will also meet monthly to look at the emerging findings from the activity of the additional resources and the decision to automatically refer cases for a legal opinion.
- All of the above measures will be used to support the development of new dashboard style report to summarise the debt position and show performance against the different key elements of the social care debt process.

14. The additional temporary resource referred to above involves the appointment of two officers with experience of both financial assessments and debt recovery to undertake targeted work to reduce the outstanding debt. The project started on 19<sup>th</sup> September 2016 and will focus on static unsecured debt, not managed by Legal Services, in excess of £10k. Officers will establish the reason for non-payment via an initial telephone conversation and will meet face to face with debtors and their representatives; to understand and help move barriers to payment. This approach is already proving successful, with 5 recent payments in the first 3 weeks amounting to £150k. There will also be a focus on current accumulating debt of less than £10k, using the recourse of the small claims court where all other avenues of recovery have been exhausted.

15. The reasons for the accumulation of debt are varied and include matters such as, continuing health care funding disputes, mismanagement of finances, lack of engagement by financial representatives, charges linked to property ownership, refusal to pay, lack of financial authority, delays in establishing the true financial position. The project will identify the root causes of debt and make recommendations for improving the debt recovery process.

<b>Conclusions:</b>
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16. The Care Act requires a local authority to consider whether it is appropriate to recover debt through the legal process and to consider the impact on the persons well-being. To date the level of debt referred to legal services is low and a more robust approach is needed to reduce the outstanding debt. However, all avenues should be explored to before taking legal action and the method of face to face meetings with the debtor and their representative, will provide assurance that recovery of the debt is appropriate in the specific circumstances of the case.

**Recommendations:**

17. It is recommended that the Social Care Services Board receives a further report in May 2017 following the conclusion of the current project.

**Next steps:**

18. The task and finish group and the process owners group meetings will be established to take the actions identified in paragraph 13 forward.
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**Sources/background papers:** Appendix A – ASC Overall Debt Position