

Adults and Health Select Committee
25 January 2018
Adult Social Care Debt



Purpose of report:

To update the Adults and Health Select Committee on Surrey County Council's Adult Social Care Debt position as at the end of November 2017.

Introduction:

Under the Care Act 2014, when a local authority arranges care and support to meet a person's eligible needs, the local authority may ask the person to pay a contribution towards the cost of providing that support subject to an assessment of the person's financial circumstances. The current regulations include powers to charge for residential and nursing care as well as the ability to charge for care and support provided in that person's home. If a local authority decides to adopt a charging policy, the regulations provide a broad framework for charging which must be followed.

Income from charging is an essential contribution to Adult Social Care's (ASC) budget to support the delivery of services to help people live and age well. The budgeted income from charging for the previous financial year April 2016 to March 2017 was £47 million. The actual income raised was £48.65m. The initial budgeted income for 2017/18 was £50m but ASC is on target to achieve £53.9m.

SCC's Social Care Services Board received an annual report on ASC's outstanding debt position and this paper provides a similar update for the Adults and Health Select Committee.

The charging and collection process

1. The financial assessment and charging process is undertaken by the Financial Assessment and Benefits (FAB) service in Adult Social Care. The social care practitioner will make a referral to the FAB service when it has been identified that the person is likely to receive a chargeable service from ASC. 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 has access to the Department of Work and Pensions database CIS (Customer Information System) to support this process. 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.
2. 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 towards their social care and the amount of that contribution. Only a small number of people are exempt from charging for residential and nursing care arranged by ASC but around 50% of people receive their care and support at

home free of charge. 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 and this can lead to backdated assessments.

3. Charges are raised in ASC's finance system, Controcc, and passed across to SAP (the Council's main financial system) where an account is set up for the individual. The Business Operations Team, part of Orbis, is responsible for sending out the statements and collecting payments. From 1 January 2018, responsibility for chasing outstanding debt transferred from the Business Operations Team to ASC together with a team of seven staff.
4. The preferred method of collecting charges is via Direct Debit and the Council promotes this by sending a Direct Debit instruction with every statement and reminder letter as well as discussing Direct Debit as a payment method at the outset. At the end of November 2017 64% of payments were collected by Direct Debit. A previous review of other local authorities performance in this area indicated that the SCC's collection rate by Direct Debit is one of the highest amongst comparable local authorities.
5. Reminders for non-payment are issued promptly in accordance with the following dunning (debt-recovery) cycle.

Dunning level 1 - reminder letter 1 13 days

Dunning level 2 - reminder letter 2 30 days

Dunning level 3 - reminder letter 3 45 days

6. At dunning level 2, new debtors reaching this level for the first time are referred to the FAB service for a follow up conversation regarding the outstanding debt. The requirement to pay towards the care and support package will have been explained previously to the person or their financial advocate and non-payment at this stage, provides an opportunity to clarify any issues not previously raised. Many dunning level 2 debtors will arrange payment following this conversation. However, there will be some instances where people do not engage with the service around payment and it may be necessary to escalate the debt recovery process.
7. 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. In the period April 2017 to November 2017, 45 cases were referred to Orbis Law for further recovery action or a legal view regarding the prospect of successfully recovering the debt.

Current debt position

8. The overall ASC debt position as at November 2017 is provided at Annex 1 to this report. To illustrate the trend in debt, figures are provided for November 2016 and April 2017. The table shows that the total outstanding debt rose from £17.60m in November 2016 to £17.77m in April 2017 and to £19.58m in November 2017. This equates to a total increase over the last twelve months of £1.81 m. However, there was a corresponding increase in the amount of secured debt in the same period of £1.2m. These figures are extracted from SAP, the Council's financial system. In addition, Orbis Law has legal undertakings to settle a further £160k not reflected in the secured figures.

9. This increase in secured debt reflects both an increase in deferred payment applications and the conversion of some existing debt to deferred debt in keeping with the provisions of the Care Act. A deferred payment application is a binding agreement to defer the debt in exchange for a legal charge on a property. The debt is settled at the point of sale of the property. Compound interest can be charged on the debt at a national rate, currently 1.45%. Since April 2017, SCC has raised £23k in interest on live deferred payments and raised a further £65k in administration charges.
10. Write-offs of debt deemed uncollectable in the year to date amount to £387k in respect of 199 accounts. Generally those write-offs were in respect of debt more than two years old and where there was no prospect of recovery. As the responsibility for debt transfers to ASC, a key task for the service will be to review the aged debt and assess the individual debts robustly to determine those which are collectable and those which will either be uneconomic to pursue or unrecoverable for other reasons eg statute barred. At the same time, SCC will be reviewing the outstanding credit balances and making arrangements to refund balances where appropriate.
11. We will also be taking forward the learning from the debt recovery project in ASC. To recap, in September 2016, additional temporary resource was agreed on an invest to save basis to target static, unsecured debt in excess of £10k with the aim of identifying quick wins; understanding the root cause(s), if any, and agreeing any process changes to improve collection rates going forward. This short term project recovered £2.3m by 31 August 2017 and had a direct impact on the shift between unsecured and secured debt.
12. This project illustrated the benefits of having proactive conversations with people, including where necessary visiting people to facilitate payments. There were many examples of payment being made when people were supported to do so, including the settlement of a substantial debt by an individual who had been a victim of financial abuse. SCC supported him to obtain compensation from his bank and he was able to settle his debt as well as benefit from the additional money he received. Going forward officers will look at how we use both the FAB resource and the debt recovery resource to best effect to continue this work.
13. In addition to the debt project, an Income and Debt Task and Finish group was established to look at the end to end process from the point of referral to ASC for support through to debt recovery to identify any further improvements. This group is exploring options to tighten the referral and authorisation process to avoid backdated assessments where possible. The group will also look at staff training needs to ensure that roles and responsibilities around charging and debt are fully understood. One output from the group will be to establish new performance indicators across the pathway to measure key elements of the income and debt process. The Task and Finish group will report on their work to the ASC Leadership Team in March 2018.

Conclusions:

14. There has been a specific focus by Adults on debt in the last 12 months and there have been clear benefits to this work. There is a need to build on this work and, together with colleagues from Business Operations and Orbis Law, it is essential that SCC improves practise, reduces incidents of debt occurring and improve debt management thereafter.

Recommendations:

It is recommended that the Adults and Health Select Committee receive an annual report on the performance of ASC's debt management in light of the transfer of responsibility from Business Operations to Adult Social Care.

Next steps:

15. To integrate the social debt team from Business Operations with the Adults FAB service.
16. To agree key performance indicators across the social care debt pathway.

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Sources/background papers:

Report submitted to the Social Care Services Board on Adult Social Care Debt – 26 October 2016

Annexes:

Annex 1 – Adult Social Care Debt Report

Glossary of acronyms:

ASC – Adult Social Care

CIS - Customer Information System

FAB - Financial Assessment and Benefits

SCC – Surrey County Council