

Report No.

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 4 December 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: EDUCATION AND CARE SERVICES DEBTORS REPORT 2012

Contact Officer: Claudine Douglas-Brown, Exchequer Manager
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Chief Officer: Mark Bowen, Director of Resources

Ward: (All Wards);

1. Reason for report

To inform members of the current level of Education and Care Services (ECS) debt and the action being taken in order to reduce the level of long-term debt.

2. **RECOMMENDATION(S)**

- a. **Note the current level of debt over a year old owing to ECS and action being undertaken to reduce this sum.**
- b. **Agree that further reports be submitted on an annual basis.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Not Applicable:
2. Ongoing costs: Not Applicable:

3. Budget head/performance centre: N/A
 4. Total current budget for this head: N/A
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

Level of debt

- 3.1 The collection of Education and Care Services debt is undertaken by Liberata as part of the Exchequer Services contract.
- 3.2 In 2011/12 the council raised 7,874 invoices to the value of £17,641,423 on behalf of Adult and Community Services (ACS). As at 30th September 2012, 97% has been recovered leaving £541,117 (3%) outstanding.
- 3.3 During the period 1st April 2012 to 30th September 2012 the council raised 4,298 invoices to the value of £9,677,542 on behalf of ECS. 83% has been recovered with the sum of £1,600,387 remaining (17%).
- 3.4 The value of invoices outstanding over 1 year old is £1,200,271. Appendix 1 gives a breakdown over the services the debts relate to and Appendix 2 provides information as to the stages of recovery.
- 3.5 Appendix 3 provides a breakdown of the debts written off. As at 30th September 2012 £54,026 has been written off and action is being taken to ensure that all non recoverable debts are written off. In 2011/12 the value of debt written off was £289,899 which represents 1% of the annual income budget.
- 3.6 Appendix 4 shows a breakdown of the total ECS outstanding debt of £6,489,557 broken down over the services the debts relate to. This includes non invoice debts such as Domiciliary Care and Temporary Accommodation charges.

Adult Social Care

Most of the debts relating to adults social care are more difficult to collect or higher risk which is explained in more detail below:-

- Residential and respite care represents 71% of the total debt over one year old. Wherever possible debts are secured with a charge on the debtor's property which will remain on the property until it is sold and the debt is repaid.
- There has been an increase in the number of cases where services users lack the capacity to manage their own finances and this can impact on recovery of outstanding debt. In order to reduce the level of impact on income recovery an additional post of Case Officer is being added to the Appointee and Deputyship Team. This will enable the team to take on more cases and at an earlier stage before the service user builds up a large debt.
- The council's legal department are currently dealing with a case where the service user owns a property however she lacks capacity to manage her finances and in order to place a charge on the property legal action will have to be taken in the county court. In cases where the debtor lacks capacity the council is unable to take legal action unless a Litigation friend is appointed. This makes the process more complicated as an application has to be made to the court for a Litigation Friend to be appointed before legal action can be taken.
- The implementation of the Personal Budget and Contribution policy in May 2011 and the introduction of Day Care Charges in September 2011 have led to a 68% increase in the number of appeals against the charges. Although service users are advised to continue to pay their charges whilst their appeal is being

considered, many of them do not and this impacts on the level of outstanding debt.

- 3.7 All of the domiciliary care accounts marked for potential legal action are currently being reviewed. Where there is a possibility that legal action will be successful then a county court claim will be issued. Any unrecoverable debts will be written off.

Temporary Accommodation

- 3.8 Over the last two years there has been an unprecedented increase in the number of households placed in Temporary Accommodation from approx 80 in April 2010 to over 300 as at 3rd October 2012 resulting in an increase in the level of debt. Invest to save options have managed to avoid around 92 B&B placements which otherwise would meant that the numbers in B&B would be around 400.
- 3.9 The Housing Accommodation Charges team was transferred to Liberata in April 2012. Following the transfer the administration of this work area has been reviewed to maximise the time spent on collection and recovery. As at 30th September 2012 the collection rate was 61% which is an increase of 4% on the previous year.

Debt recovery

- 3.10 Liberata is currently undertaking a review of all county court and cases where judgment has been obtained. This is one of their priorities for 2012/13 to ensure that the appropriate enforcement action is in place for all cases.
- 3.11 As part of the debt collection agency and Bailiffs review, Liberata are undertaking a trial with Keelys Solicitors that will include cases that have been returned from the debt collector and broken payment arrangements.
- 3.12 Liberata are confident that by centralising the revenue collection and recovery teams and implementing the other recommendations made in the “debtors health check” this will result in additional collection of outstanding debts which they estimate to be around £100,000 to £200,000 over a two year period.

4. POLICY IMPLICATIONS

None

5. FINANCIAL IMPLICATIONS

Non collection of monies owed to the council result in a £ for £ loss to the council and delays in recovering amounts due have a negative affect on the authority’s cash flow.

6. LEGAL IMPLICATIONS

None

7. PERSONNEL IMPLICATIONS

None

Non-Applicable Sections:	[Policy, Legal, Personnel]
Background Documents: (Access via Contact Officer)	[Title of document and date]