

**Decision Maker:** CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

**Date:** Wednesday 22<sup>nd</sup> January 2014

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

**Title:** ANNUAL ECHS DEBTORS REPORT

**Contact Officer:** David Bradshaw, Head of Education, Care and Health Services Finance  
Tel: 020 8313 4807 E-mail: David.Bradshaw@bromley.gov.uk

**Chief Officer:** Executive Director of Education, Care & Health Services

**Ward:** (All Wards);

---

1. Reason for report

To inform members of the current level of Education, Care and Health Services (ECHS) debt and the action being taken to reduce the level of long term debt.

---

2. RECOMMENDATION(S)

2.1 The Care Services PDS Committee are asked to:

- note and comment on the level of debt over a year old owing to ECHS and the action being taken to reduce this sum; and
- agree that further reports be submitted on an annual basis.

### Corporate Policy

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

### Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre:
  4. Total current budget for this head: £
  5. Source of funding:
- 

### Staff

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

### Legal

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

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
- 

### Ward Councillor Views

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

### **3. COMMENTARY**

#### **Level of Debt**

- 3.1 The collection of the Education, Care and Health Services debt is undertaken by Liberata as part of the Exchequer Services Contract.
- 3.2 The debt as at September 2013 for the whole of ECHS is £7.89m compared to a figure of £6.49m in September 2012. This is detailed in Appendix 1. Appendix 2 is the amount of debt that is more than one year old.
- 3.3 As you will see the main areas of debt relate to residential and domiciliary care
- 3.4 In 2012/13 the council raised 9,411 invoices to the value of £21,620,027 on behalf of ECHS. As at 30<sup>th</sup> September 2013, £718,069 remained outstanding (3%).
- 3.5 During the period 1<sup>st</sup> April 2013 to 30<sup>th</sup> September 2013 the council raised 5,403 invoices to the value of £6,930,210.37 and 76% of this has been recovered with the sum of £1,671,306 (24%) remaining.
- 3.6 The value of invoices over one year as at 30<sup>th</sup> September 2013 was £1,491,590. Appendix 2 gives a breakdown of the service the debts relate to and Appendix 3 provides information as to the stages of recovery.
- 3.7 Whilst there has been an increase in debt more than a year old due to increased activity, what is clear is that pre 2011 invoices have reduced. This is due to the targeted debt recovery work carried out by Liberata referred to in paragraphs 3.16 and 3.17 below. Appendix 3 provides the categories of debt recovery for the over one year old debts ranging from County Court action to charges on properties and write offs, etc.

#### **Adult Social Care**

- 3.8 Residential and respite care represents 82% 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.
- 3.9 There has been an increase in the number of cases where service 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 Senior Case Officer has been created which is due to be filled in January 2014. This will enable the team to take on more cases and at an earlier stage before the service user builds up a large debt.
- 3.10 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.
- 3.11 There has been an increase in second and third stage appeals against domiciliary care charges over the last year. 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.

#### **Temporary Accommodation**

- 3.12 The amount of people being placed in temporary accommodation has increased over the last year and this is likely to continue. This together with changes to the Local Housing Allowance rates and the welfare benefit cap means that there has been a significant increase in the

number of HB claimants having to make a contribution to their rent. This has had a detrimental impact on recoveries given the mobility of the clients in such accommodation.

- 3.13 There are a number of people in leasehold properties who are affected by the bedroom tax and so now face a shortfall in rent however grant funding will be transferred to cover this shortfall.
- 3.14 On the traveller sites there are a few cases affected by the benefit cap and therefore now face a shortfall which the Emergency Placement Team is working through. In addition there are a couple of cases progressing through eviction. When the new traveller site manager is in place the focus will be on reducing arrears as a priority and resolving a number of benefit queries.
- 3.15 Although the 16-18 year olds placed in temporary accommodation claim HB, there are instances where they fail to provide the required documents and the claim is either refused or suspended. Where the personal charges remain unpaid, taking legal action against this vulnerable client group is unlikely to be cost effective. The unpaid personal charges will therefore be recharged to Leaving Care revenue code at the end of the year.

**Debt Recovery**

- 3.16 Liberata have increased their resources in response to the increase in the number of Temporary Accommodation customers and customers in receipt of Non-Residential Care. The additional resources are targeting debts over one year in order to increase the collection of non-in year debt.
- 3.17 Liberata are conducting a full review of all debts outstanding which includes the following action:-
  - Reviewing and recommending historic unrecoverable debt for write-off.
  - Targeting of large debts ensuring that county court action and appropriate enforcement is being taken.
  - The use of alternative debt collection agencies to maximise recovery.
  - Reviewing debts regularly where the customer has died to ensure that payment is received from the estate. Where there are no funds in the estate recommending a write-off.
  - Monitoring all payment arrangements to ensure that regular payments are received and to put debts back into recovery if the arrangement is broken.
  - Monitoring cases where the debt is being disputed to ensure that the debt is pursued as soon as the dispute is resolved.

**4. FINANCIAL IMPLICATIONS**

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

<b>Non-Applicable Sections:</b>	Policy, Legal and Personnel
Background Documents: (Access via Contact Officer)	

