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

**Date:** **Wednesday 23 September 2015**

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

**Title:** **ANNUAL ECHS DEBT STATUS REPORT 2015/16**

**Contact Officer:** David Bradshaw, Head of ECHS Finance  
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**Chief Officer:** Director of Finance

**Ward:** (All Wards);

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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.

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2. **RECOMMENDATION(S)**

2.1 **The Care Services PDS are asked to:**

- **Note and comment on the level of ECHS debt over a year old 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:
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### 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:
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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 the Education, Care and Health Services debt is undertaken by Liberata as part of the Exchequer Services Contract.
- 3.2 The ECHS debt as at 31<sup>st</sup> March 2015 was £9.23m compared to a balance of £8.18m as at 31<sup>st</sup> March 2014. This is shown by service type in Appendix 1.
- 3.3 In 2014/15 the Council raised 11,622 invoices to the value of £16,203,488 on behalf of all areas in ECHS. As at 31<sup>st</sup> March 2015, £2,145,882 (13%) remained outstanding, of which £1,033,922 (6%) was less than 30 days old.
- 3.4 The value of unpaid invoices over one year as at 31<sup>st</sup> March 2015 was £1,654,450. Appendix 2 gives an analysis of the service the debts relate to and Appendix 3 provides information as to the stages of recovery.

#### **Adult Social Care**

- 3.5 Although there has been a reduction in the level of Residential and Domiciliary Care debt they remain the highest value of ECHS debts.
- 3.6 The Care Act 2014 introduced a modern legal framework for the recovery of any debts accruing as a result of a local authority meeting a person's eligible care and support needs. This resulted in a number of changes impacting on the recovery of social care debt. The most significant one being the removal of local authorities ability to place a unilateral charge on a client's property to secure unpaid care home charges. This means that unless the client agrees to a charge being placed on their property, the council will have to take legal action through the County Court and apply for a charging order.
- 3.7 In June 2015 a policy for the management and recovery of social care debt was introduced within ECHS, Finance and Liberata. The policy aims to ensure effective communication between the teams from the start of the process when the needs assessment is carried out through to recovery of any outstanding debt, thereby reducing the build-up of debt and where required ensuring the most appropriate and effective method of recovery is used.
- 3.8 The policy establishes clear lines of responsibility. It also includes timeframes for certain tasks such as the referral of cases to the council's Appointee and Deputyship teams where the client lacks capacity and there is no one who is willing and able to make an application to the Court of Protection.
- 3.9 An effective debt prevention and recovery process that is continuously developed and monitored will help to reduce the level of social care debt.

#### **Temporary Accommodation**

- 3.10 The number of statutory homeless households placed in temporary accommodation has continued to increase. This together with the effect of the Welfare Reforms and Benefit Cap means that there has been a large increase in Housing Benefit claimants having to make a contribution to their rent. This has resulted in an increase in the volume of debts and the recovery becoming more demanding due to the mobility of the clients in such accommodation.
- 3.11 The bed and breakfast caseload handled by the Temporary Accommodation team has increased from 260 as at 1<sup>st</sup> April 2012 to 578 at 1<sup>st</sup> April 2015, a 122% increase. Resources

have been increased and the cash payments collected over the same the same period has continued to increase going from £98,475 during 2011/12 to £363,722 during 2014/15 (269%).

- 3.12 The number of leasehold properties has increased. This together with the impact of welfare reform/benefit cap means there has been an increase in the levels of debt. 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 is being looked at to cover some of this shortfall.
- 3.13 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.
- 3.14 Although the 16-18 year olds placed in temporary accommodation claim housing benefits, 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 are therefore recharged to Leaving Care revenue code at the end of the year and any unrecoverable debts will be written off.

### **Debt Recovery**

- 3.15 Liberata regularly meets with LBB officers to discuss arrears and proposals for process changes in order to improve the service to the council's customers and to increase income collection. Targeted recovery activities includes:
- Additional recovery resources focussing on social care debt
  - Process improvements and enhanced system reports to streamline the process of producing reminder letters for domiciliary care debts
  - Improved reports to ensure all debts are progressed through the recovery cycle promptly.
  - Targeting large debts and older debts.
  - Using debt collection agencies to maximise recovery.
  - Progressing unpaid debts through to County Court Judgment and taking appropriate enforcement action.
  - Monitoring payment arrangements to ensure that customers are adhering to their payment plans and taking appropriate action for any broken arrangements.
  - Reviewing and recommending historic unrecoverable debts for write off.

## **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>	<b>POLICY IMPLICATIONS</b>  <b>LEGAL IMPLICATIONS</b>  <b>PERSONNEL IMPLICATIONS</b>
Background Documents: (Access via Contact Officer)	[Title of document and date]