

Decision Maker: CARE SERVICES POLICY DEVELOPMENT AND SCRUTINY COMMITTEE

Date: Tuesday 12 January 2016

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

Title: UPDATED DEBT REPORT

Contact Officer: Claudine Douglas-Brown, Head of Exchequer Services
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

- 1.1 To provide an update on 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. RECOMMENDATIONS

2.1 The Care Services PDS Committee is asked to:

- i) Note and comment on the level of ECHS debt over a year old and the action being taken to reduce this sum; and
- ii) 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):
 2. If from existing staff resources, number of staff hours:
-

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 31st March 2015 was £9.23m. This reduced to £5.45m by the 30th September 2015. This is shown in Appendix 1. The reduction of £3.78m includes write offs totalling £175k.
- 3.3 The £5.45m outstanding is expected to be reduced to less than £3m by the end of 2015/16, with further reductions in 2016/17.
- 3.4 Although additional invoices and charges have been raised during the period 1st April 2015 to 30th September 2015 the overall total debt has reduced from £9.23m to £8.91m as at 30th September 2015. Appendix 2 provides a breakdown of the total debt and Appendix 3 provides an age profile of the outstanding debt.
- 3.5 For the 12 months to 30 September 2015 the Council raised 10,410 invoices to the value of £28,300,637 on behalf of all areas in ECHS. As at 30 September 2015, £1,778,893 (6%) remained outstanding, of which £930,052 (3%) was less than 30 days old.
- 3.6 The value of unpaid invoices over one year as at 30th September 2015 was £1,520,842. Appendix 4 gives an analysis of the service the debts relate to and Appendix 5 provides information as to the stages of recovery.

Adult Social Care

- 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 establishes clear lines of responsibility and includes timeframes for tasks such as the referral of cases to the council's Appointee and Deputyship teams.
- 3.8 Officers continue to monitor the compliance with the policy and monthly case reviews are held to ensure that cases are followed up promptly and corrective action is taken when required.
- 3.9 Officers have explored the possibility of requesting payment in advance for services provided by ECHS such as Carelink and planned respite and from April 2016 changes will be made to the way private Carelink is invoiced. Clients will be given two payment options, payment in advance when they receive their annual invoice or payment by quarterly direct debit. This will improve cash flow and help to reduce the level of outstanding debt for this service area.
- 3.10 The advice from the Council's Senior Solicitor, for Children and Adults services is that there would be a number of obstacles to having a policy of payment upfront for other social care services where they are provided under the Council's statutory duty to meet people's eligible care and support needs. However having regard to the position that there is a need to protect the Council's finances and that bad debts have impacted on the budget it is felt that it would be prudent for a regime of upfront charging to be in place wherever possible.
- 3.11 Any policy of charging in advance will need to show that there is a suitable process in place to reimburse pro rata or otherwise a person who has paid in advance and has not received the services they have paid for.

- 3.12 The options available for charging in advance and the reasons for the proposed change to the current charging methodology will be included in the ECHS Debt report in July 2016.

Temporary Accommodation

- 3.13 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.
- 3.14 The bed and breakfast caseload handled by the Temporary Accommodation team has continued to increase resulting in an increase in the level of debt. Although resources have remained the same the cash payments have increased from £146,585 to £256,396 (75%) when compared to the same time last year.
- 3.15 The leasehold debt has reduced slightly from £855,394 to £780,451 as at 30th September 2015. Orchard and Shipman are making regular monthly payments which should see the debt reduced considerably by the end of the year. Going forward, the expected position will be that each quarter following a reconciliation exercise Orchard and Shipman will pay the arrears from the previous quarter.
- 3.16 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.
- 3.17 The outstanding debt relating to 16-18 year olds placed in temporary accommodation has reduced from £435,935 to £191,722 as at 30th September 2015. The reduction was largely due to housing benefit payments, however some uncollectable debt has also been written off.
- 3.18 LBB officers and Liberata are reviewing the processes from the initial sign up process when the person is placed in temporary accommodation through to the eviction process and subsequent recovery action to ensure they are robust.
- 3.19 The Housing Needs team have also worked with the Housing Benefits team to tighten up the process around the Housing Benefits interview and the follow up when the person fails to attend the initial interview.
- 3.20 The methods of payment available currently include, cash, cheque, standing order, debit and credit card. Our current housing system does not have the facility for direct debits however this has been included in the specification for the new housing system that is being procured.

Debt Recovery

- 3.21 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. Liberata are continuing with targeted recovery activities which include:
- 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.

3.22 As part of our continuous improvement process we have reviewed the current recovery systems and have expanded the scope for the Single View system to include a debt management system. We are expecting to implement the system within the next nine months. This will allow data concerning an individuals' debt to be extracted from different systems and presented in a single screen to give a consolidated view of their debt position. Debt information will be extracted from the systems covering Sundry Debts, Domiciliary Care Debt, Council Tax, Housing Benefit Overpayments, Trade Waste and Business Rates. The Single View will provide:

- Improved debt collection – improving the visibility of a client's debt position will lead to an increase in recoverability
- Improved debt management – the consolidated view of a customer's debt will aid early intervention in cases where they may be experiencing financial difficulties. repayment plan can be put into place to prevent additional costs from being incurred by the customer
- Improved customer experience – rather than being chased separately by the different debt recovery teams, the customer can be chased once in order to discuss all of their debts

The added benefits from the Debt Management system include:

- Automated direct debit facility
- Ability to set up direct debits to collect current charges and arrears (e.g. for domiciliary care, carelink or commercial rents)
- Powerful instalment arrangement facilities allowing multiple debt types to be incorporated into a single arrangement
- Performance management reporting for monitoring recovery staff
- Online performance and benchmarking analysis for monitoring contractor performance

4. FINANCIAL IMPLICATIONS

4.1 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.

Non-Applicable Sections:	Policy Implications, Legal Implications and Personnel Implications
Background Documents: (Access via Contact Officer)	N/A