

Decision Maker: **ADULT CARE AND HEALTH POLICY DEVELOPMENT AND SCRUTINY COMMITTEE**

Date: **Thursday 24th January 2019**

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

Title: **ANNUAL ECHS DEBT REPORT**

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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.

2. **RECOMMENDATIONS**

2.1 **The Adult Care and Health PDS Committee is requested to:**

- 1) **Note the level of ECHS debt over a year old and the action being taken to reduce this sum; and,**
- 2) **Note the additional measures being undertaken to improve the rent collection for Temporary Accommodation.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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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: Recurring Cost:
 3. Budget head/performance centre: Exchequer Service – Payment, Income and Charging
 4. Total current budget for this head: £1.458m
 5. Source of funding: 2018/19
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Personnel

1. Number of staff (current and additional): 4 plus Liberata staff
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement:
The Care Act 2014
The County Courts Act 1984
Civil Procedure Rules
Housing Act 2004
 2. Call-in: Not Applicable: No Executive decision.
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Procurement

1. Summary of Procurement Implications: None
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 7,500
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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 (ECHS) debt is undertaken by Liberata as part of the Exchequer Services Contract and is monitored by 1.3ftes within the Exchequer Client Unit.
- 3.2 The ECHS debt as at 30th September 2018 was £12.3m of which £5.1m was under one year. **Appendix 1** provides a breakdown of the total debt and **Appendix 2** provides an age profile.
- 3.3 For the 12 months to 30th September 2018, the Council raised 5,432 invoices to the value of £26,339,514 on behalf of ECHS. As at 30th September 2018, £1,787,662 (6.8%) of invoices raised remained outstanding, of which £536,834 (30%) was less than 30 days old.
- 3.4 The value of unpaid invoices over one year as at 30th September 2018 was £1,390,087 which was an increase of £122,318 from the debt position as at 30th September 2017. **Appendix 3** gives an analysis of the service the debts relate to and **Appendix 4** provides information on the stages of their recovery.
- 3.5 The sum of £265k recommended to be written off in respect of pre 2015 debts is mainly due to deceased clients with insufficient funds in their estate to settle the outstanding debt. Legislation does not permit local authorities to stop providing care where there is an outstanding debt, which means the debt will continue to rise during the recovery process. This may also be impacted by any delays in applying to the Department for Works and Pensions or the Court of Protection for those clients who lack the mental capacity to manage their finances.
- 3.6 The Council's Debt Management Policy for Social Care Debts and the additional resources referred to in paragraphs 3.12 to 3.18 below will ensure early intervention in order to prevent the build-up of debt and thereby reduce the level of debt required to be written off. **Appendix 5** gives a breakdown of the amount of debt written off over the last three years.

Adult Social Care

Adults Residential Care

- 3.7 As at 30th September 2018, the debts relating to Adults Residential Care had increased by £17,710 in comparison to 30th September 2017. However, £178,337 was less than 30 days old with 62% of the sum due from the Bromley CCG.

Domiciliary Care

- 3.8 Domiciliary Care debts have increased by £510,249 since September 2017. The total 4-weekly charge to clients has increased since September 2017 by over £144k every 4 weeks which equates to £1.872m annualised income. In the last year the impact of the National Living Wage has meant that the cost of Domiciliary Care packages have increased significantly and as such the charges for these services were increased from 9th April 2018 to reflect this.
- 3.9 The continued freeze in the cost of living allowance (known as the Minimum Income Guarantee) for pensioners who are in receipt of Domiciliary Care has also contributed to the increase in the amount of charges raised.
- 3.10 Where there is an outstanding query or dispute, recovery action has to be placed on hold. As at 30th September 2018 there was £463,885 under query or in dispute. These cases are escalated by Liberata to the Exchequer Client Unit who liaise with LBB officers regarding pursuing the debt or writing it off if it is uncollectable.

Debt Prevention and Debt Management

- 3.11 A number of steps are being taken reduce the build-up of debt and speed up the recovery process for social care debt.
- 3.12 In September 2017 (report No CS18043) the Care Services PDS reviewed a report on the level of debt and how this could be further mitigated which included a proposal to seek approval from the Resources PH and the Care Services PH to fund a visiting officer within the exchequer contracted services and a care manager to work primarily with clients who lack capacity to manage their finances and who have difficult paying their charges was included.
- 3.13 As an interim measure the Head of Assessment and Care Management agreed to fund a pilot Care Management Assistant (CMA) post. Between November 2017 and May 2018, a dedicated CMA was appointed on an interim basis. The primary focus of the role was to work with those clients in receipt of services that had recently been assessed via a Mental Capacity Assessment as lacking the mental capacity to manage their finances, and there was no one available to take on this responsibility. The CMA also worked with the relative/friend who was were applying for an Appointeeship, Lasting Power of Attorney or Deputyship to ensure the application was progressed in a timely manner. In addition work was carried out on some historic cases where large debts had accrued and this involved liaising with the Liberata Recovery Team however the primary purpose of the role was to support people at an early stage to formalise the management of the finances of the adult without capacity, and resolve issues quickly.

Outcome of the Pilot

- 3.14 During the six month pilot the CMA reviewed 146 client cases with the following results:-
- £43k of £118k outstanding debt was successfully recovered from 19 of the clients that were reviewed during this period and £10k was agreed to be written off (relating to one case). This equates to a 36% collection rate for those 19 clients during this pilot period, and plans were established for the recovery of the majority of the remaining debt. **Appendix 6** provides some case studies highlighting the impact of the CMA pilot.
 - The remaining 127 clients were also progressed, with various solutions likely to impact the final debt levels being reported for 2018/19, such as , Lasting Power of Attorney (LPA) being put in place, cases being referred to the Council's Appointee and Deputyship team and new financial assessments being undertaken.
- 3.15 Senior officers within the Care Management and Exchequer Services team identified the value of this pilot in being a bridge between care management, clients and the finance recovery team and supporting service users and/or family members to resolve debt issues quickly. It should be noted that where the service user fails to pay the assessed contribution, the services cannot be withdrawn and therefore the debt will continue to rise. If swift action is not taken there can often be insufficient funds in a person's estate to settle the debts in full.
- 3.16 Having examined a number of cases as part of the write off process, there is clear evidence that a more proactive approach to include early intervention by a Social Worker and a Recovery Visiting Officer will increase recovery of income and reduce losses from debts being written off.
- 3.17 Given the success of the pilot, the funding was agreed for a dedicated CMA role and a Recovery Visiting Officer within the Exchequer Contract; with the expected reduction in debts written off and increased income collection the cost of for the additional resources will be self-financing.

- 3.18 Both posts have recently been recruited to. The impact of the roles on the adult social care debt will be reported on annually to the Adult Care and Health PDS.

Debt Recovery System

- 3.19 The new Debt Recovery System Aspien was implemented in February 2017, which includes a workflow and diary enabling more robust debt recovery and effective monitoring. The first phase of the direct debit facility was implemented in October 2018 and the final phase which includes direct debits for Domiciliary Care debts is expected to be operational before the end of March 2019.

Temporary Accommodation

- 3.20 The number of households residing in temporary accommodation has continued to increase year on year. The increased number of clients, the effect of the Welfare Reforms, Benefit Cap and non-receipt of Universal Credit have resulted in an increase in the volume of outstanding debts of £903k compared with September 2017. However, cash payments of £1,122,436 were collected from the clients in the period from 1st April 2018 to 30th September 2018 which is an increase of 52% on the previous year.
- 3.21 The collectable rent continues to grow with an increase of £461k (12.17%) in relation to Nightly Paid accommodation since 30th September 2017. Despite this Housing Benefit payments in this area have increased by £400k (16.71%) and cash payments by £383k (51.81%).
- 3.22 The issue of the increasing debt has been raised with Liberata however we recognise the factors affecting recovery such as Universal Credit and the limitations of the current I.T. system. Liberata are actively working with officers in the Housing Department to implement a new system is now due to be implemented in May 2019. The system will provide recovery officers with automated arrears recovery workflows, standard letters, rent statements, direct debit facility, SMS messaging and a more sophisticated reporting tool. This will allow for more robust recovery action as well as improved performance monitoring. This should lead to an increase in income recovery and ultimately a reduction in the arrears. **Appendix 7** details the additional measures being undertaken to improve the rent collection for Temporary Accommodation.
- 3.23 The level of debt and measures being taken to reduce all Temporary Accommodation debt including nightly paid is reported biannually to the Executive, Resources and Contracts Policy Development and Scrutiny Committee.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 There is no direct impact on vulnerable adults and children arising from the contents of this report. Officers involved in recovery of social care charges are required to adhere to the Care Act 2014, County Courts Act 1984 and the Civil Procedure Rules. This legislation together with the Council's debt management policy for social care charges ensures our duty to protect the public purse does not impact on our duty to protect vulnerable adults.

5. FINANCIAL IMPLICATIONS

- 5.1 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.
- 5.2 The new roles will support people at an early stage and help to formalise the management of the finances of the adult without capacity, resolving issues quickly in order to prevent a build-up of debt. The CMA pilot was successful in recovering debt from clients and establishing robust procedures that need to be maintained going forward.

5.3 The cost of the two posts is. However as evidenced in paragraph 3.14 the pilot that was undertaken has highlighted that these costs will be fully recovered with potential to generate additional income by reducing the level of debts written off.

Non-Applicable Sections:	Policy implications, Personnel implications, Legal implications, Procurement implications
Background Documents: (Access via Contact Officer)	Not applicable.