

**APPENDIX 4**

**OVERALL RECOVERY POSITION OF INVOICES OVER 1 YEAR  
AS AT 30<sup>TH</sup> SEPTEMBER 2018**

| <b>Recovery Status</b>                             | <b>Pre 2015</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>Total</b>     | <b>Number of Accounts</b> |
|--|-----------------|----------------|----------------|----------------|------------------|---------------------------|
|  | <b>£</b>        | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>         |                           |
| Applying for County Court Claim                    | 34,673          | 7,469          | 64,667         | 843            | <b>107,653</b>   | 6                         |
| Appointee & Deputyship in place                    | 10,987          | 41,016         | 25,040         | 15,934         | <b>92,977</b>    | 9                         |
| Awaiting Probate                                   | 15,975          | 14,681         | 17,916         | 12,902         | <b>61,473</b>    | 12                        |
| In dispute, referred to LBB service departments    | 96,632          | 34,411         | 3,656          | 14,029         | <b>148,728</b>   | 17                        |
| In Recovery, paid by instalments                   | 55,615          | 25,453         | 2,421          | 1,942          | <b>85,430</b>    | 17                        |
| Judgement obtained - Charging order                | 21,124          |                |                |                | <b>21,124</b>    | 1                         |
| Judgement obtained - High Court Enforcement Agents | 3,093           | 638            | 440            |                | <b>4,172</b>     | 3                         |
| Liberata internal hold                             | 13,449          |                | 10,794         | 12,354         | <b>36,597</b>    | 7                         |
| Pre debt collector checks                          | 0               |                | 2,815          |                | <b>2,815</b>     | 1                         |
| Pre legal action review                            | 31,097          | 6,165          | 37,038         |                | <b>74,299</b>    | 13                        |
| Probate granted - In recovery                      | 3,137           | 10,655         | 6,813          |                | <b>20,605</b>    | 3                         |
| Recommended for write off                          | 264,995         | 27,063         | 16,949         | 5,686          | <b>314,692</b>   | 64                        |
| Recovery being pursued                             | 1,356           | 21,408         | 51,199         | 78,343         | <b>152,305</b>   | 90                        |
| Standing probate in place                          | 1,463           | 7,855          | 52,440         | 17,896         | <b>79,654</b>    | 12                        |
| With debt collector                                | 12,150          | 9,924          | 3,038          | 5,656          | <b>30,768</b>    | 16                        |
| With LBB for instructions                          | 1,769           | 10,822         | 43,064         | 6,536          | <b>62,190</b>    | 7                         |
| With LBB legal for instructions                    | 68,258          |                | 26,347         |                | <b>94,605</b>    | 4                         |
| <b>Total Debt</b>                                  | <b>635,774</b>  | <b>217,557</b> | <b>364,638</b> | <b>172,119</b> | <b>1,390,087</b> | <b>282</b>                |

## APPENDIX 5

### ECHS DEBT WRITTEN OFF OVER THE LAST 3 YEARS

| Debt Type                                   | Total written off<br>2015/16 | Total written off<br>2016/17 | Total written off<br>2017/18 |
|---|------------------------------|------------------------------|------------------------------|
|   | £                            | £                            | £                            |
| ECHS Invoices                               | 68,860                       | 57,764                       | 122,608                      |
| Domiciliary Care                            | 59,408                       | 244,869                      | 155,172                      |
| <b>Sub Total Social<br/>Care Debt</b>       | <b>128,268</b>               | <b>302,633</b>               | <b>277,780</b>               |
| <b>Temporary<br/>Accommodation<br/>(TA)</b> |                              |                              |                              |
| Bed & Breakfast<br>Accommodation            | 251,683                      | 123,239                      | 202,208                      |
| Leaving Care                                | 78,720                       | 87,743                       | 197,587                      |
| LATCH                                       | 919                          | 0                            | 45,398                       |
| Safepad                                     | 0                            | 0                            | 3,494                        |
| Supported Living                            | 0                            | 19,811                       | 0                            |
| Travellers Sites                            | 0                            | 31,688                       | 733                          |
| Leasehold<br>Properties                     | 76,213                       | 87,287                       | 55,634                       |
| <b>Sub Total TA<br/>Debt</b>                | <b>407,535</b>               | <b>349,768</b>               | <b>505,054</b>               |
| <b>Total Amount<br/>written off</b>         | <b>535,803</b>               | <b>652,401</b>               | <b>782,834</b>               |

#### Main write off reasons

- Debtor is untraceable
- No funds in the debtor's estate
- Debt is uneconomical to pursue

### Care Manager Assistant (CMA) Pilot Case Studies

1. A 92 year old client living in Extra Care Housing since 2014 was assessed to pay for the full cost of her care. Although her granddaughter was responsible for managing her finances under a Lasting Power of Attorney (LPA), she had allowed a debt of over £9k to build up by 2016. The Recovery Team and Financial Assessment Team had encountered great difficulty in contacting the granddaughter to discuss the debt and complete a new financial assessment.

In November 2017 the case was referred to the CMA by which time the debt had increased to over £13k. The CMA experienced the same difficulties in contacting the granddaughter however through the persistence of the CMA she eventually managed to discuss the debt with the granddaughter and the need to clear the arrears as well as the ongoing charges. By February 2018 the debt of £13k had been paid and a standing order was set up for the ongoing charges.

If the debt had not been paid the CMA could then have referred the case to the Court of Protection for them to investigate and possibly revoke the LPA.

2. This client was 98 and although he did not lack the mental capacity to manage his finances he did need assistance and this was being provided by his partner. The Recovery Team made a referral to the Adult Early Intervention Team in July 2017 when the debt stood at £1.7k however by November 2017 when the case was allocated to the CMA the debt had risen to £3k.

The CMA spoke to the client's partner a number of times between November and January about applying for Power of Attorney, clearing the arrears of care charges and setting up a standing order for the ongoing charges.

By the time the client passed away in June 2018, the majority of the debt had been cleared leaving only a small balance of £86 which we are expecting to be paid this month.

This client only had £5k savings so the likelihood of the £3k debt being paid after he had passed away was minimal as the first call on his savings would have been the funeral costs.

3. This client was referred to the Adult Early Intervention Team in July 2017 by the Financial Assessment Team when the debt stood at £1.5k

and the 91 year old client was having trouble understanding the charges for the day centre service.

The CMA visited the client's wife in December 2017 to discuss the debt and the possibility of one of the adult children applying for Power of Attorney. Following the CMA's involvement a total of £3.9k was paid and there is now a LPA in place with two of the client's relatives acting as his Attorneys.

Unfortunately no further payments have been made and the debt has risen again to almost £2k.

This case highlights the need for the processes established as part of the pilot to be continued by a CMA and the need for a dedicated recovery officer that can closely monitor these cases to ensure early intervention where there are repeated defaults in payment.

### **1. The sign-up process**

The procedure includes going through the rental liability in detail with the client and the statutory suitability assessment looks at affordability.

Referrals and appointments are made with the Housing Benefit Team on the day so the HB application is made back to back with the sign up. For those small number of cases where sign-up takes place electronically or remotely a new process is in place whereby a referral is sent to the HB Team to arrange an appointment.

The key is to ensure follow up from the HB Team and Recovery Team is effective in the event that the person does not follow through with the appointment or in supplying any outstanding documents to enable the claim to be processed.

### **2. Rent Account set up**

A new process for setting up rent accounts was put in place in July 18 and this work is now undertaken by the Housing Team. The new process has been reviewed and the time taken to set up the rent account has reduced significantly which means tenancies are set up far more quickly than the previous two stage process and debts can be pursued at the earliest possible opportunity.

The process will be streamlined further in the new IT system.

### **3. Rent Account termination**

There are a number of processes in place to monitor end dates. One of the most difficult areas is getting Housing Associations to provide tenancy start details when someone is moving on from temporary accommodation into a permanent housing association tenancy. This is constantly raised with Housing Associations and to help address this there is now an apprentice role which actively makes contact and updates the system.

This should significantly assist in getting end dates entered onto the rent account system quickly. That said increasingly providers require sign-up on the day so there is a cross over between a new tenancy starting and nightly paid placement ending.

HB can be paid on two properties where certain criteria are met and the client applies for it. There is scope for exploring whether more can be done in this area to ensure clients are aware of this.

#### **4. Universal Credit**

The majority of TA tenants are on HB including all new placements. Only a small cohort previously moved to UC still remain on UC. For all of these cases we already had a process to request direct payments and this was actioned for all of the cases known to us.

#### **5. Additional resources**

Additional resources were put in place in Housing (2 Visiting Officers) and in Liberata (1 Recovery Officer) over the last 12 months.

The Visiting Officers in Housing cover all nightly paid accommodation. Their remit is to undertake occupancy checks, property condition and also to visit where needed in response to a request from the Recovery Team or for an eviction referral.

There have been a number of successes in terms of getting HB issues resolved and arrears repaid. Given the numbers however this does mean that they only have capacity to visit a limited number of properties.

A review has been scheduled for this area to assess the benefits of the work and whether there is a business case to increase capacity further.

A proposal from Liberata is that the Liberata Corporate Visiting Team could be used to increase the number of visits undertaken in this area of work. This proposal will be explored with the Director of Housing.

The additional Liberata Recovery Officer has been in place since April 2018 and contributed to the increase in cash payments of £383k (51.81%).

#### **6. The Working Group**

The Working Group have looked at processes and have made improvements with Housing, Recovery and HB sections all working more closely together.

The group will continue to review processes and make recommendations for improvements prior to and following the implementation of the new IT system.

#### **7. A review of cases referred for eviction**

Although a sample of cases were reviewed in the last audit and no issues were found, this was a small sample and it would be useful to look at a larger sample in more detail.

The process for dealing with evictions was reviewed in March 2018 and the data for all referrals, response dates and summary of the actions and outcomes is available for this proposed review.

Although it is important to ensure the processes work well it is important to note that once a case gets to this stage if we evict then we are even less likely to recover the outstanding amount or repayment plans are likely to take many years to see full recovery.

The key is robust recovery procedures from the start of the tenancy to avoid the build-up of arrears in the first place.

## **8. Former Clients**

A great deal of focus is placed on collecting arrears whilst the person is still in the temporary accommodation however it is equally important that action taken once the person has become a 'former client' is timely and appropriate to increase the chances of recovery.

A review will be carried out to see what improvements can be made to the former client processes although the implementation of the new IT system will provide workflows which will help to ensure the recovery action is more robust and will enable more effective monitoring to take place.

## **9. The benefits of the new IT system**

The process and procedures dovetail with the new IT system and this is a key area where focus is needed. The current IT system is not set up to provide a clear workflow and monitoring process which impacts effective arrears management.

The new IT system will offer a clear workflow process which can identify cases at all stages of arrears recovery and effectively flag them for action. This will ensure all cases are actioned quickly and effectively.

The system would allow oversight of all cases at each stage and the performance against this.

Once the new system has been implemented a review of the payment methods will be carried out to ensure that we are offering wide a range so that making payment is made as easy as possible for the client.

## **10. The client group**

This client group will always be one of the most difficult groups in respect of rent arrears and all local authorities will have higher arrears on temporary accommodation than permanent stock.

This is due to both the temporary nature of the tenancies, vulnerability of clients and fact that they have often approached in crisis with multiple and complex needs including financial difficulties and debt.

There is a risk that everyone assumes all tenants are on full HB however this is definitely not the case. With welfare reform we have seen a greater number of tenants who are only in receipt of partial HB. In many cases these clients are often struggling to cover charges often due to level of other debts.

Given the vulnerability quick action is critical as is personal contact to follow up on letters wherever possible. Where there are concerns about debt and finances then an early referral is needed across to debt advice.

## **11. Alternative Debt Recovery**

Liberata explored the possibility of using Baker Tilley (who currently carries out some enforcement work in respect of Council tax and Sundry Debts), to undertake recovery work for nightly paid debts. Baker Tilley would be willing to undertake the recovery of the debts on a commission only basis, charging 25% of funds collected.

The possibility of selling the debts was discussed with a firm of solicitors who Liberata currently engage to undertake some recovery work and their response was that many councils avoid this course of action due to the possibility of adverse public reaction.

It is important to put it into context the level of debt against the increasing rent debit. With numbers of people being placed in nightly paid temporary accommodation increasing then the amount of arrears will go up even if we are still collecting the same proportion of rent.