

Regulatory and Audit Committee

Title:	Debt processes and Progress of Recovery within the CHASC Business Unit
Date:	Wednesday 26 July 2017
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Summary

As part of a previous audit report the Committee was made aware of the substantial monies owed to Adult Social Care.

This report provides further information on the processes followed & the current position regarding outstanding debt

Recommendation

This report is for Members information.

A. Sources of Income

Adult Social Care has 2 very significant income sources:

- Financial contributions by service users with the means to contribute to the cost of care
These monies are collected by Resources
- Financial contributions from partners for services provided by BCC e.g. health or other local authorities.

These monies are collected by CHASC

B. Debt Recovery Processes followed by Resources

Non Residential Service User Contributions:

Bills are raised by the County Council.

1. Where the Finance Operations Officers have identified that no payment has been made during the last 4 week period attempts will be made by telephone to contact the service user/financial agent to discuss non-payment.
2. If, after 7 days, no contact has been received and no payments are showing on SAP, the Finance Support Officer will commence the debt recovery process, advising the relevant Budget Holder (cost centre manager) that there is a debt. It will be for Budget Holder (cost centre manager) to advise if debt recovery is not to go ahead and the reasons why
3. Send first debt letter. The service user / financial agent is reminded to pay Buckinghamshire County Council. At 7 day intervals, should the debt remain unpaid the second debt letter will be issued.
After a further 7 days, if the debt still remains unpaid the third debt letter will be issued
4. If the debt still remains unpaid after 7 days of issue, the Finance Support Officer is to refer the case to the Service Director and Finance Director for direction on whether case is to be referred for Litigation action via Legal or write off/waiver. It will be for the Service Director of A&FW to refer back to the Care Management for further investigation if it is appropriate.
5. Legal Services will respond directly to Debtor Team Manager within 30 days of receiving referred case with their recommendations for recovery action (**as per 4.4 Financial Instructions**)
6. Following Legal action, if still no response then case will be referred for a decision to the AFW Service Director for consideration of Court Proceedings to take place.
7. The process for writing off debt is:
 - For debts under £10,000 – Service Director AFW or Finance Director
 - For debts over £10,000 –Service Director of Assurance & Monitoring Officer

Residential & Nursing Service User Contributions:

Care Home providers are expected to collect contributions.

1. Finance Operations Support Officer will receive notification in writing (letter or email) that a care home provider has been unable to collect service user contribution or third party payments.
2. If the service user is not managing their own finances, the Finance Support Officer will telephone the financial agent etc. to discuss the information given by the care home and determine why the contribution has not been paid. The Finance Support Officer must advise the financial agent that debt recovery action will be taken.
3. Finance Support Officer will immediately request by telephone, evidence that the care home provider has attempted three times to recover monies owed i.e. copies of correspondence.
4. Finance Support Officer will obtain a letter from the care home provider requesting that the Finance Operations Team deal with the matter on their behalf, confirming what is owed, the last time a payment was made, the period the last payment covered etc.
5. Finance Support Officer will also ask the care home provider if the service user's personal allowance has been paid (where the client does not deal with their own financial affairs) Finance Support Officer will alert the Care Manager of the debt and any potential issue with non-receipt of personal allowance.
6. If the care home provider has reported debt to the Finance Operations Team previously and evidenced their recovery attempts, the Finance Support Officer will liaise with the Debtor Team Manager as to whether there is a case for gross payment to the home and

invoices being raised to achieve payment from the client or their financial agent. The decision for gross payment will be recorded on the service user's file with details as to why this decision was reached. No gross payment will be made without sign off and authority from the Debtor Team Manager & CHASC Service Director. If the care home has not previously reported difficulties with collecting a service users contribution, no gross payment will be issued at this stage.

7. Once the Finance Support Officer is satisfied that the care home provider has taken all steps required to chase non-payment of client contribution, they will send an initial letter to the service user / their financial agent with copies issued to Care Management.
8. Finance Support Officer will maintain a record of their activity on the 'Debt spreadsheet', sap notes field and Profile Notes on the service user's records.
9. Finance Support Officer will create a diary date for 5 working days hence to ring the care home provider and ask if payment has been made (the debt repaid in full or part payment)
10. If the debt has been repaid the Finance Support Officer will update the all records (Spreadsheet, SAP).
11. If the debt has not been repaid, the Finance Support Officer will raise an account in SAP– the invoice will be produced and issued by the Finance Service Desk within 24 hours. Finance Support Officer will issue letter referring to the invoice and diarise a review in 10 working days. Finance Support Officer to contact the service user or financial agent to clarify that the invoice has been received and agree a payment plan/solution with the service user or the financial agent. Finance Support Officer to update Care Management via email on current activity and progress.
12. The Finance Support Officer will check SAP after 10 working days. If a payment has been made they will update the spreadsheet and liaise with the care home provider. If a payment has not been made, they will check with the care home provider to see if any further payments have been made and to confirm the total debt outstanding. .
13. If no payments have been made and no contact made to arrange a payment plan, the Finance Support Officer must seek direction from Care Management as to ongoing debt recovery action and annotate Swift.
14. Send first debt letter. The service user / financial agent is reminded to pay Buckinghamshire County Council. At 7 day intervals, should the debt remain unpaid the second debt letter will be issued. After a further 7 days if the debt still remains unpaid the third debt letter will be issued.
15. If the debt still remains unpaid refer case to the Service Director and Finance Director for direction on whether case is to be referred for Litigation action via Legal or write off/waiver. It will be for the AFW Service Director to refer back to the Care Management for further investigation if it is appropriate.
16. Where approval to pursue debts through Legal Services has been granted by AFW Service Director and Finance Director AFW, cases will be submitted in full to Legal Services included action taken to date by the Direct Services Admin.
17. Legal Services will respond directly to Debtor Team Manager within 30 days of receiving referred case with their recommendations for recovery action (as per 4.4 Financial Instructions)
18. The process for writing off debts is:
 - For debts under £10,000 – Service Director AFW or Finance Director
 - For debts over £10,000 –Service Director of Assurance & Monitoring Officer

C. Debt Recovery Processes followed by CHASC

1. Invoice raised showing payment expected within 30 days
2. After 30 days , check to see if payment received
3. If payment not received, send reminder stating that if payment not received in 14 days

debt will be passed to Legal for action

4. After 14 days , check to see if payment received
5. If payment not received , ask relevant Service Manager if debt to be referred to Legal
6. If debt to be referred to Legal send :
 - Copy of invoice raised
 - Documentation proving debt payable to BCC
7. If debt not to be sent to Legal, Service Manager to advise what action to be taken
8. For debts not referred to Legal , if debt remains unpaid 6 months from date of invoice, refer debt to Service Director

Actions to be taken by Legal

9. Letter before action to be sent within 21 days of referral from AFW
10. After 21 days check with AFW to see if debt paid , AFW to respond within 3 days
11. If not paid & debt less than £300, refer case back to AFW & take no further action
12. If not paid & debt £300 or more , seek instructions from AFW , AFW to respond within 3 days.
13. For these debts where court action is to be started, draft particulars of claim and complete court forms within 21 days
14. If no response from debtor after 28 days apply for default judgement
15. Once default judgement entered agree enforcement option with AFW
(AFW to respond within 3 days , providing any intelligence on financial position of debtor)
16. If debtor submits defence prepare for county court hearing

D. Debts Outstanding

Monthly budget reports are prepared for CHASC and each report includes a table showing the outstanding debt & comparable figures for earlier months.

The most recent table shows the debt outstanding for more than 90 days:

	May 17	May 16
<i>Secured (Resources</i>	£2,278k	£2,096k
Unsecured (Resources)	£1,748k	£1,613k
Unsecured (CHASC)	£495k	£256k
Total	£4,521k	£3,965k

The debt with Resources includes both debts secured on property, which are likely to be outstanding for some time & unsecured debts which represent a far greater challenge & risk to the Local Authority.

The value of the debt with CHASC tends to fluctuate significantly as large bills are raised for Health (NHS) and any delays with payment adversely affect the figures. Full payment is received in the vast majority of instances.

Communities & Public Health have low value debts & currently the amount of over 90 day debt is £31k

E. Service Developments

There has for some time been an on-going discussion between Resources & CHASC on the size of the unsecured debts.

CHASC has recognised the success of Resources in promoting payment by direct debit which currently sits at 63% (against a target of 60%) and compared to 53% 12 months ago.

Recently, the discussion has focused upon the enhancement of the debt recovery process which is currently based upon contact by telephone & letters. Resources has been asked to consider the implications of visiting residents with either large debts or where there are communication difficulties. Historically there has been an arrangement with an external debt recovery service and this will need to be considered as an option if the Local Authority is to collect monies owed to it.

The relationship with Harrow Council has prompted a review of the interface with Legal & meetings have been sought by both officers from Resources & CHASC. A meeting between senior officers of both Harrow and Buckinghamshire has been arranged for 26 July to review the legal debt process.

CHASC remains concerned about the timeliness of recovery action & the subsequent write-off of debts that have not been pursued for some time. During 16/17 £522k of old debts were written-off.

Debt write-offs represent a risk to the CHASC budget & as a mitigation a provision for bad debts has been established & the current value is £1.1m. The preferred option of the CHASC Senior Management team is that we pursue and recover the debt.

Resources has expressed concerns about “data quality“ issues & time wasted raising & chasing debts that should not have been raised in the first place e.g. because the service user’s circumstances dictate that no client contribution is required.

Resources have produced lists evidencing these difficulties & CHASC has sought to provide further support & training to care management staff and liaise with providers to ensure timely notification of services being closed.

In response to the most common problems encountered CHASC has developed the action plan shown below .

Area	Solution	Deadline?
Notification of Date of Death	New Date of Death process implemented in June – all staff members enter DOD and record Case Note with information source.	Procedure being implemented
	Phase 2 of Date of Death project working with CRT/DE teams and providers to ensure timely notification.	October 2017
12 week Disregard/ Third Party Top up	Training on a range of financial issues to be created and rolled out to Operations staff and to be included as part of staff induction. Finance staff to help feed into this.	March 2018
	Joint Supply are reviewing their processes, 12 week disregard and Top Up recording will need to be analysed.	October 2017

	Commission Business Intelligence report to pick up all 12 week disregard with due end date. Business and systems to cleanse and Finance to regularly check that open provisions for sold properties are closed.	Commence August 2017
Provision Amendments/ incorrect provision	Regular reconciliation of provisions to be undertaken <ul style="list-style-type: none"> • Joint Supply to take on Dom Care reconciliation • Contracts to provide information regarding Meals and telecare. • Transport to provide transport list • To be supported by commissioned Business Intelligence reports 	Ongoing
	Provision input form already has additional fields to indicate that all CBS services to be closed, Joint supply to question if there are overlapping CBS/placement services.	Ongoing
	Redesign of respite business process model and policy required.	TBC
Client and family awareness	Training on a range of financial issues to be created and rolled out to Operations staff and to be included as part of staff induction. Finance staff to help feed into this.	March 2018
	Care Advice Bucks updated to reflect financial information	TBC
Workflow Authorisation	Outline to Authorisers the importance of authorising promptly or transferring to the right person	Commence July 2017
	Business and Systems to carry out weekly check on outstanding authorisations and to look at provisions not sent for authorisation.	Commence August 2017
	Technology Services cleanse and remove obsolete managers from cost codes.	Ongoing
Section 117/CHC	Carry out Phase 2 of the CHC process model to ensure that correct invoicing dates are captured and internal providers are kept informed.	November 2017
	Section 117 aligned budget project has commissioned a redesign of the process	Commence August 2017
	Make Finance partners aware of how S117 works and correct Data migration issues	TBC
Incorrect Cost Centres	Cost Centre information is regularly communicated out to Operations and Joint supply and is on the CHASC Dashboard.	Ongoing
	IT and Business & Systems team are cleansing all	November 2017

	Care Item descriptions	
	Joint Supply process redesign to pick up the issue	October 2017
