

Date 17 December 2015

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Title of the Report: Adult Social Care Charging

Ward(s) All

Portfolios: Councillor Eddie Hughes

Executive Summary:

- 1.1 To provide Scrutiny with an update on progress on implementing Community Based Charging (CBC) and also an update on pre-CBC debt (Custom Card/ Benefits Based Charging).

Reason for scrutiny:

- 2.1 To provide Scrutiny the opportunity to consider and comment on the implementation of the Community Based Charging (CBC) process and the collection of pre CBC debt.

Recommendations:

- 3.1 It is recommended:

That Scrutiny note the progress on implementation and the action taken to reduce outstanding invoices.

Community Based Charging

Billing

- 3.2 The community based charging policy was approved by Cabinet in March 2015 and introduced in April 2015. An interim charging system model has had to be implemented to support this, which will be replaced once the finance module in Mosaic goes live in full, expected to be by March 2016.
- 3.3 There are c1,510 clients subject to Community Based Charging (CBC), of which c460 relate to direct payments (DP). The direct payment charge is now netted off the gross payment to users. The remaining c1,050 clients receive a community based package and monthly invoices for their contributions are raised. There have been delays caused by the introduction of the new system, and the Cabinet decision in June 2015 to cancel the charge for community alarms, which led to over 3000 users being contacted, reimbursed or payments cancelled together with removal of these from the system of collection.

- 3.4 Charges are normally raised 4 weekly in arrears, and as at the end of October 2015 charges for people receiving a community based package for April, May and June had been raised. July, August and September bills have now also been sent to customers.
- 3.5 Additional resources have been identified to support the ongoing billing with the aim to bring the raising of community based package bills back in line with the normal billing timetable for December invoices (i.e. the target would be for December invoices to be raised by the end of January 2016). This will involve sending out a number of invoices within a compressed period of time, and this has been communicated to clients so that they are aware.
- 3.6 To support the backlog of invoicing the option of raising bills quarterly has been explored. This would be an interim solution as Mosaic is being developed to raise charges going forward. However, given that clients have recently been consulted on charging and we have clearly stated that bills will be raised monthly, it is not appropriate to introduce further change at this point. This can be considered once Mosaic is live. Moving to quarterly billing on a permanent basis may also carry an increased risk regarding the potential to collect the associated income as individuals may have already committed the funding elsewhere in the intervening period.
- 3.7 For clients in receipt of a Direct Payment (DP), net payments are running in line with the original DP timetable. The only remaining element being that, due to the timing of obtaining the information on client income, DP payment run 1 and 2 were paid gross, and therefore invoices for client contributions for these two periods have now been calculated and will be raised over the coming week.

Collection

- 3.8 The budgeted income is £4.398m (this includes the budget for community alarms which will no longer be recovered).
- 3.9 Based on the charges to date, taking account of any appeals/reviews requested by clients that have now been completed, total billed income for 2015/16 is now estimated to be £4.151m. Based on the assumption that all of this is collected, although this may vary following any reported change in circumstances for clients and further requests for appeal/review, the variance to budget would therefore be £247k.
- 3.10 To provide further detail on the potential for change, since the implementation of Community Based Charging up until 17th November 2015, the Welfare Rights team have received requests from 2,641 individuals to carry out financial assessments. Of these 591 resulted in no further action, where for instance the individuals had recently been reviewed, benefits have already been maximised and there has been no change in circumstances, or where the client refused to provide further details.
- 3.11 Of the remaining 2,050 client requests, 618 are currently still with Welfare Rights officers and are in various stages of completion, all cases imported to

Civica from Paris have been allocated. It should be noted that within the 618 cases 104 are awaiting input into Mosaic. In terms of timescales to complete the outstanding assessments, the time per client will vary dependent on complexity. It is estimated it will take around 7-8 weeks to complete the assessments that are currently outstanding.

- 3.12 At present of the 2,050 client requests 1,054 clients are being charged via the Community Based Charging (CBC) process with the remainder currently having no costs relating to the provision of social care services, and thus not being charged. This will be for various reasons, for example they will be individuals who only receive a community alarm service and as such will not be charged, they are individuals who received up to 6 weeks of reablement and a financial assessment was undertaken during this period but the individual did not go on to receive ongoing support from social care, they are clients who asked for an assessment but then decided not to receive care / to procure care in a different way etc.
- 3.13 Welfare Rights currently have 11 officers (with the specialist knowledge of the benefits system) working full time solely on these assessments. Due to the specialist knowledge they have historically struggled to obtain temporary staff. Additional Adult Social Care Staff have been assigned to work with Welfare Rights to reduce this backlog and the estimated time for completion of assessments.
- 3.14 The final point to note regarding the timescale for completing the assessments is that for those clients who are identified as being eligible for a benefit that they are not currently receiving, the Welfare Rights team will support them to complete an application to the DWP. Before the case can then be closed we complete the financial assessment but we can't charge against any potential increased income as we have to await the decision of the DWP to review and approve the application and start paying the client. Approval times vary depending on the benefit being claimed and normally take around 1 month, but can take anywhere up to 9 months, to approve. If approved the benefit will be backdated to the date of the application being completed and we will therefore be able to charge them from that point forward, but this will obviously impact on how long some of these accounts are on hold before we can start to raise the backdated charge, and may impact on the current level of forecast income.
- 3.15 A monthly summary is now included in ASC monitoring reports to provide an update on income collection, with the position relating to Community Based Charging as at 26/10/2015 set out in **Appendix 1**. Current collection rates show an improvement on the previous benefits based charging rates, but they are lower than collection rates for other corporate debt (which are around 78% after 1 month and 90% after 2 months).
- 3.16 A lower variance to corporate debt collection rates is to be expected at this point as the individuals who are subject to CBC are some of the most vulnerable people in Walsall and may need support to interpret and pay the bills that they receive. Additionally, due to the timing of the bills going out for April (26 June), May (19 August) and June (30 September), at this stage in the process, collection rates would be expected to be at a lower rate.

- 3.17 A review is proposed in January of CBC for impact with a view to identifying any refinements required, alongside the implementation of Mosaic.
- 3.18 Additionally, consultation has commenced on the raising of charges against disposable income to 100% (per the draft budget) over the next 8 weeks which may well generate a number of complaints and Member queries.

Pre-Community Based Charging Debt and Debt Project

- 3.19 From April 2011 to March 2014 the amount of debt raised relating to benefits based charging (BBC) was £11.23m, of which £2.8m (25%) was outstanding as at end March 2014 (and a further £0.5m of debt was outstanding relating to the period prior to BBC implementation – therefore total outstanding debt was £3.3m).
- 3.20 As previously reported, a debt project was initiated in April 2014 following a revision of all debts which had not received regular attention, and as at 31 March 2015 the total amount of debt raised since April 2011 relating to Benefit Based Charging (BBC) was £15.12m, of which £1.69m was outstanding as at end March 2015 (with a further £0.2m outstanding relating to the period prior to Benefit Based Charging implementation). There was also £0.8m of debt outstanding in Oracle at the end of March 2015 which relates to amounts transferred from Custom Card to Oracle as part of the “Debt Project” undertaken in 2014. Therefore total outstanding debt was £2.7m (of which £2.42m related to BBC, representing 16% of BBC debt raised).
- 3.21 Further work has been ongoing since June 2015 to seek to continue to clear the outstanding Custom Card accounts, with balances being reviewed and final invoices raised in Oracle. As such, the updated position at the end of September 2015 shows a reduction in outstanding debt to £2.168m (£663k remaining in Custom Card and £1.505m in Oracle).
- 3.22 A previous update set out the process that would be followed in relation to reviews (prioritising high value, most likely to be collectable debt) and requests for write off, and for the period April to September 2015 this has so far led to a request for write off of £25k in total, against a bad debt provision of £1.055m for pre-community based charging debt, which is set aside should it be required. There is still a risk that a significant proportion of the outstanding debt will need to be written off, however this reduces each day.
- 3.23 It has been recognised that additional resources are required, with progress being slower than planned due to prioritisation being given to CBC interim billing and some delays due to system problems, however additional resources have now been identified to support the ongoing collection of this historic debt. It is recognised however that clearing the debt will still take time, due to the time required to check and reconcile data held on various systems (which may include some or all of custom card / Paris / Fiscom / Land Registry / Civica / NAFN).

Background papers:

- 4.1 Charging Policy for Community Based Social Services – Cabinet March 2015.

Resource and legal considerations:

- 5.1 Section 14 of the Care Act 2014 gives local authorities the power to charge for care and support provided to adults.
- 5.2 Where local authorities exercise their discretion under Section 14 of the Care Act to charge adults for care and support services provided, Section 17 of the Act specifies the duty to carry out a financial assessment of the adult's ability to pay for those services provided to them. The Care and Support (Charging and Assessment of Resources) Regulations 2014 and guidance on Charging and Financial Assessment should be adhered to when developing charging policies.
- 5.3 The Council must ensure that the contents and the application of the new charging framework is in accordance with the Care Act 2014, the Care and Support (Charging and Assessment of Resources) Regulations 2014 and guidance on Charging and Financial Assessment as a failure to do so will risk a successful Judicial Review challenge as well as the charge levied being held to be unlawful and unenforceable in civil recovery procedures

Citizen impact:

- 6.1 The impact of the Community Based Charging policy impacts on those in receipt of Adult Social Care services and has been subject to Equality impact Assessment.

Environmental impact:

- 7.1 None

Performance management:

- 8.1 The implementation of the policy is monitored through the officer Charging Implementation Group that includes Finance, Adult Social Care and Welfare Rights and escalated as necessary through Directorate management groups. Financial information forms part of Adult Social Care monitoring reports. Since December 2014 the staff administering the system were transferred from Adult Social Care to Finance to improve efficiency and effectiveness.

Equality Implications:

- 9.1 This report is not subject to an Equality Impact Assessment; however a comprehensive Equality Impact Assessment (EQIA) was undertaken as part of the policy review earlier in the year. A further review will be conducted in March 2016 after the policy has been implemented.

Consultation:

- 10.1 A comprehensive consultation exercise was undertaken at the time of the policy review and informed the cabinet decision in March 2015.

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APPENDIX 1

Community Packages (Bills Raised)			
Period	1	2	3
Month	Apr-15	May-15	Jun-15
Main Date Bills Raised	26/06/2015	19/08/2015	30/09/2015
	£	£	£
Total calculated - As per Charging Model (excl. any DP charges)	290,644	274,965	248,276
Awaiting Financial Assessment	0	(38,363)	(44,675)
On Hold	(12,260)	(79,361)	(14,211)
Actual Amount Raised	278,384	157,242	189,391
Amount Collected (of that raised)	200,810	102,653	75,898
% Collected (of that raised)	69.09%	49.32%	42.67%