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To: Adult Social Services Policy Overview & Scrutiny Committee –
16 November 2010

Subject: **ADULT SOCIAL SERVICES BUDGET FORECAST REPORT
2010/11 AND KENT ADULT SOCIAL SERVICES DEBT POSITION
SEPTEMBER 2010**

Classification: Unrestricted

Summary: A report on the updated quarter 1 forecast outturn against budget for Kent Adult Social Services (KASS) and an update on the current position of the KASS social care and accounts receivables debt as at September 2010.

Introduction

1. (1) This is the third report for 2010-11 to this Committee on the forecast outturn against budget for the Adult Social Services Department. This report also includes an update on debt.

Background

2. (1) Policy Overview and Scrutiny Committees (POSCs) consider the draft Medium Term Financial Plan at their November and January meetings. To enable a more informed discussion, three reports will be presented to the Committee on a regular basis:

a) **Budget Monitoring reports**

A detailed quarterly budget monitoring report is presented to Cabinet, usually in September, December and March, and a draft final outturn report in June. A report for each directorate is annexed to the summary report, and the annex for the Adult Social Services Directorate will be presented to this Committee at the meetings following those Cabinet meetings. This will help inform this POSC about current trends, pressures and management actions in advance of the next year's budget setting

b) **Performance data**

This will be reported at least half-yearly to this Committee.

c) **Outturn report**

Effectively an amalgam of the above two, the outturn report will summarise both the financial and performance information for the whole of the preceding year

(2) Informed by these reports, the POSCs will be in a stronger position to question and comment on the future budget and medium term proposals, as they will be asked to do at the November and January meetings.

(3) A special Budget Informal Member Group (IMG) was arranged for November 2009 to discuss the future Budget and MTP proposals in more detail. At its April meeting the Scrutiny Board recommended that all POSCs need to formulate their arrangements for contributing to the development of the budget so that they are able to have an input at an earlier stage than previous years. In particular POSCs were asked to consider whether the IMGs set up following the November 2009 meeting should meet regularly between now and December when the draft budget needs to be finalised for formal consultation. As a result three Budget IMGs have already taken place.

First Quarter Updated Monitoring report

3. (1) The revenue monitoring exception report for Adult Social Services was presented to Cabinet in October; this indicated an overall revenue pressure of £2.661m, which is a decrease of £0.177m in the forecast submitted in the first quarter's full monitoring. This position assumes that all savings identified within the Medium Term Plan will be achieved. The pressure will be addressed through a range of 'Guidelines for Good Management Practice', which are in place across all teams in order to help us manage demand on an equitable basis consistent with policy and legislation, and will ensure that the Directorate achieves a balanced position by the end of the year. The Guidelines include ensuring all high cost placements and support packages are reviewed, plus a continued analysis and scrutiny of all requests for waiving of third party top ups to the cost of placements, and rigorous on-going panel arrangements. Furthermore the successful promotion and increased use of enablement continues to result in fewer people needing long term support. Robust monitoring arrangements are in place on a monthly basis to ensure that forecasts and expenditure are closely monitored and where necessary challenged.

- (2) The £2.661m pressure breaks down as follows:
- +£0.380m Older People
 - +£1.876m Learning Disability
 - +£1.000m Physical Disability
 - +£0.357m All Adults Assessment & Related
 - +£0.226m Mental Health
 - £0.152m Strategic Management
 - £1.060m Strategic Business Support
 - +£0.034m Other Services
 - +£2.661m Total**

(3) The main movements in the revenue forecast are as follows:

- **+£0.189m Older People Direct Payments** – an increase from an underspend of -£0.131m to a pressure of +£0.058m this month, reflecting a net increase of 23 clients together with increases in one-off payments.
- **-£0.345m Learning Disability Residential** – a reduction in the pressure from +£3.671m to +£3.326m this month, which assumes the transfer of a number of clients back into more community based settings with either a direct payment or into supported living. The reduction also results in part from an increase in the income forecast based on the latest trends of charges made.

- **-£0.243m Learning Disability Other Services** – an increase in the underspend from -£1.069m to -£1.312m this month as a result of small changes to a number of services within this line including day-care, payments to voluntary organisations, Learning Disability Development Framework and Supported Employment.

- **+£0.155m Physical Disability Direct Payments** – an increase in the pressure from +£0.080m to +£0.235m this month following an increase of 18 clients who are in receipt of a direct payment.

- **-£0.246m Strategic Business Support** – an increase in the underspend from -£0.814m to -£1.060m which is spread across a number of teams both at Headquarters and in the two Areas. The reduction in spend reflects vacancy management and further savings against non-pay costs.

- In addition to these variances, there are a number of other smaller variances, each below £0.1m, across all other services which make up a further £0.313m pressure mainly within Older Persons Nursing and Domiciliary care and Learning Disability Direct Payments and Supported Accommodation.

(4) The capital forecast reported to the first quarter's Cabinet meeting was -£5.108m, mainly as a result of further re-phasing against some of the larger projects. Taking the above on board, the KASS capital budget has decreased from £14.456 to £9.714m, a movement of £4.742m. Excluding PFI projects, the forecast for the portfolio has moved by +£0.090m since the last month from -£0.367m to -£0.277m; there have been no major changes to variances.

KASS Debt Position September 2010

4. (1) It was previously agreed that a regular report be presented to update this Committee on the latest debt position for KASS.

Summary Position

5. (1) The overall debt for KASS as at September is £30,654k, of which £13,397k is not yet due for payment, leaving an amount due for payment of £17,257k.

(2) There are two types of invoicing arrangements used by KASS, both of which are through Oracle Accounts Receivables. This report will primarily deal with the client related debt, but will give a general overview of the other debt.

(3) The sundry debt due for payment is:

Health	£2,617k
Sundry	£1,963k
Total	£4,580k

(It should be noted that the majority of monies owed by Health is secured through legal agreements)

(4) The client billing debt is currently £17,363k, of which £12,678k is due for payment.

Analysis of Client Related Debt

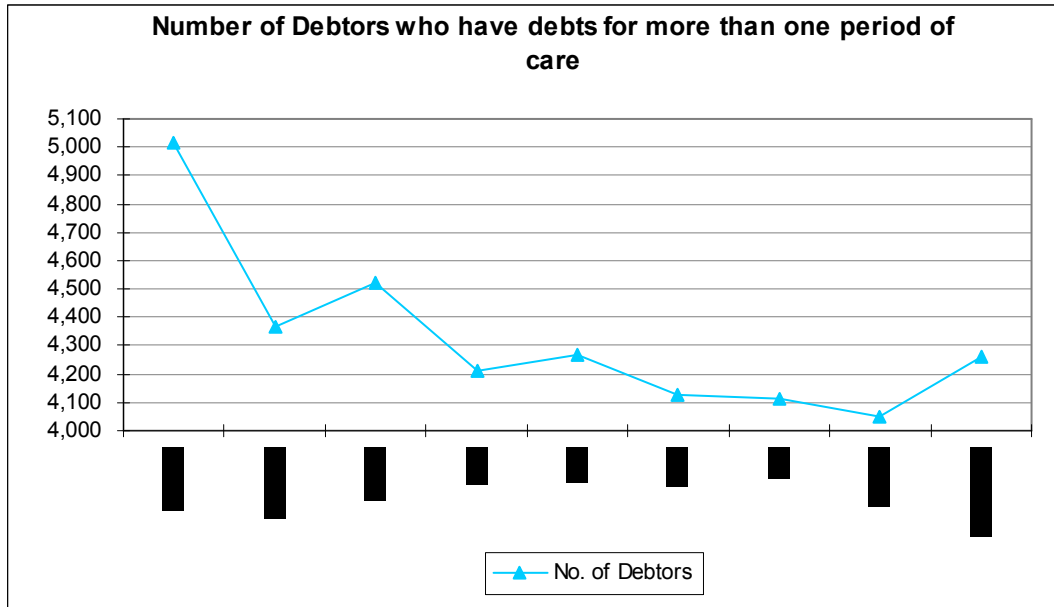
6. (1) The £17,363k client related debt is made up of 12,749 individual debtors, with an average debt of £1,362 each. This compares with £16,866k and 12,580 debtors, with an average of £1,341 each, reported to ASSPOSC in September. The debt for both months is broken down as follows:

Type	September ASSPOSC (July debt) (£000)	November ASSPOSC (Sept. debt) (£000)	Change (£000)
Residential	14,320	14,666	+346
Domiciliary	2,379	2,530	+151
Health Contributions	167	167	0
Total	16,866	17,363	+497

(2) Of the 12,749 debtors, 8,489 (67%) only have a current debt which is not yet due, i.e. all previous invoices have been paid and the only amount to be paid relates to the most recent period of care. This therefore means that 4,260 (33%) have debt for prior periods of care. This split is the same as that reported in September. The following table shows how the number of debtors has changed since January 2010:

Month	No. of Debtors	Change	Change since January
January	5,014	-	
February	4,369	-645	-645
March	4,519	+150	-495
April	4,213	-306	-801
May	4,271	+58	-743
June	4,130	-141	-884
July	4,112	-18	-902
August	4,049	-63	-965
Sept	4,260	+211	-754

This information is presented graphically as follows:



(3) The increase of 211 from August to September has been analysed and it is felt that there is nothing to suggest that the increase is a change in trend, or is a cause for undue concern, as almost all of the clients included in the increase have subsequently paid. Although this report is based on September early indication of the October position has been received and this suggests that the September increase has reduced back down. The position will continue to be closely monitored.

(4) Of the £17,363k only £12,678k is actually due for payment, invoices having only just been dispatched for the remaining £4,685k. Clients and health have 28 days to pay their invoices.

(5) The £12,678k can be broken down between secured and unsecured debt as follows:

• Unsecured – ongoing clients	£5,465k
• Unsecured – terminated/ deceased clients	<u>£923k</u>
Total Unsecured	<u>£6,388k</u>
• Secured with legal charges	£6,172k
• Health contributions	£118k
Overall Total of due debt	<u>£12,678k</u>

Aged Analysis of Unsecured Due Debt

7. (1) Appendix 1 shows an analysis of Unsecured Debt that is due for payment comprising both Ongoing and Terminated/Deceased Debt. The appendix compares the latest position with the position reported last time. Overall the amount of Unsecured Debt that is Due for payment is down £115k from last time which is encouraging.

Analysis of *Ongoing* Unsecured Debt (including Not Yet Due)

8. (1) Appendix 2 shows an analysis of all Unsecured Debt for those debtors who have debts relating to prior periods of care as well as the invoice for the most recent period of care. The appendix includes due and not yet due amounts relating to Ongoing clients, broken down into bands by the value of debt, the number of debtors and the average debt per debtor. The appendix also shows the figures reported last time, together with movements:

Secured Debt

9. (1) During 2009 we carried out a full review of all debts secured by legal charges on clients' houses. This review has ensured that the estimated valuation of the properties are not less than the value of the deferred debts, and if so 100% provision has been allowed for.

(2) Of the 4,260 debtors with an outstanding debt 201 of these are secured by a legal charge. The total value of debt for this group is £6,422k which works out at an average of £31,950 each.

Unsecured Deceased/Terminated Debt

10. (1) Of the 4,260 debtors with an outstanding debt, 461 are either deceased or are now no longer receiving a chargeable service. The total value of debt for this group is £936k which works out at an average of £2,030 each.

Bad Debt Provision

11. (1) As at the end of 2009-10 the total bad debt provision for client related debt was £3,972k. This is calculated by looking at the value of all of the debts under various debt categories of those secured and unsecured. It also takes into account the age of the debt.

- (2) Generally the percentages for the main categories used are as follows:
- Unsecured - ongoing (under 6 months) - 5%
 - Unsecured - ongoing (over 6 months) - 60%
 - Unsecured - terminated (under 6 months) - 33%
 - Unsecured – terminated (over 6 months) - 75%

(3) The general provision, which was £2,006k at the end of 2009-10, covers all debts, secured, unsecured and health. This provision is re-calculated on a monthly basis, and any required changes are forecast within the revenue monitoring.

(4) In addition to the general provision that is calculated as described above we also allow for specific provisions, which at the end of 2009-10 amounted to £1,966k. These relate to individual named clients for which we believe there is a high risk of the debt not being paid. This is reviewed during the course of the year to see if any payments have been made.

Write Off's

12. (1) In 2008-09 £362k of client related debt was written off and this amount was similar in value to that in previous years; there was also £17k of sundry debt written off. However in 2009-10 £421k of client debt and £109k of sundry debt was formally written off. To date in 2010-11 £117k of client debt and £7k of sundry debt has been written off.

Recommendations

13. (1) Members of the Policy Overview and Scrutiny Committee are asked to:
- (a) **NOTE** the latest forecast out-turn for revenue and capital.
 - (b) **NOTE** and **COMMENT** on the latest debt position.

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Background documents: None