

By: Graham Gibbens, Cabinet Member Adult Social Services
Oliver Mills, Managing Director Kent Adult Social Services

To: Adult Social Services Policy Overview & Scrutiny Committee –
12 January 2011

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

Classification: Unrestricted

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

Introduction

1. (1) This is the fourth 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 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 Policy Overview and Scrutiny Committee (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 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 Informal Member Groups 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.

Full Monitoring Report for the Second Quarter

3. (1) The full monitoring report for the second quarter for Adult Services as presented to Cabinet on 29 November is attached at Appendix 1 and this indicates an overall revenue pressure of £2.581m. 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 £2.581m pressure breaks down as follows:

- +£0.615m Older People
- +£1.146m Learning Disability
- +£2.065m Physical Disability
- +£0.099m All Adults Assessment & Related
- +£0.202m Mental Health
- £0.098m Strategic Management
- £1.482m Strategic Business Support
- +£0.029m Other Services
- +£2.581m Total**

(3) The Directorate has reported an updated revenue position to Cabinet on 10 January and this indicates a reduced pressure of £1.939m. The decrease of £0.642m primarily relates to a reduction in the number of Older People in permanent nursing placements provided in the independent sector. At the end of October there were 1,395 clients, and in November the figure was 1,394. Following the continued reduction in the number of clients, the year end forecast of clients has been adjusted down by 30 clients. This, combined with a drop in the forecast number of non-

permanent week together with small reduction in the unit cost, equates to a drop in gross expenditure of £0.603m. The income forecast for Older People Nursing has increased by £0.213m based on the latest year to date information from client billing. The increase in income has taken account of the expected reduction in clients. There were two other net movements of more than £0.100m: an additional net pressure of £0.233m in Older People's Domiciliary relating to small increases to in-house, enablement and block contracts, and reduced income of £0.097m based on the latest year to date information from client billing; a net reduction of £0.130m in Learning Disability Other Services as a result of small changes to a number of services within this line including day care, payments to voluntary organisations, and supported employment.

(4) The capital forecast reported to Cabinet on 29 November was a variance of -£1.574m of which £0.970m being re-phased, £0.680m of it relating to the Good Day Programme. This leaves a real variance of -£0.605m: Asset Maintenance -£0.248m, Modernisation of Dementia Care -£0.152m and Public Access -£0.075m (all in 2010-11). These under spends are due to the projects no longer going forward, for which funding is no longer required.

(5) The updated capital position presented to Cabinet on 10 January shows an increased variance of -£2.177m, however the real variance remains at the -£0.605m reported in November, with further re-phasing of projects requested. There are four projects with variances in excess of £0.100m that are requested to be re-phased:

- £0.259m for Edenbridge which is part of a much bigger project managed by the Communities Directorate; they advised that the project should be re-phased into 2011-12.
- £0.195m SWIFT Enhancements as a result of business need, where the implementation of certain elements of the project has been delayed. £0.248m of the project was funded through future years Public Access/Modernisation of Assets pots. Unfortunately these have been 'cut' and we have had to re-phase currently uncommitted elements of the 2010-11 pots to cover these ongoing commitments.
- £0.395m Dementia Care has been re-phased in light of the current ongoing consultation regarding the Older Persons strategy.
- £0.110m Good Day Programme as the project is currently subject to further review; to be prudent we are requesting re-phasing into 2011-12.

KASS Debt Position November 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 November is £24,311k, of which £5,511k is not yet due for payment, leaving an amount due for payment of £18,800k.

(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	£5,336k
Sundry	£449k
Total	£5,785k

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

(4) The client billing debt is currently £17,531k, of which £13,015k is due for payment.

Analysis of Client Related Debt

6. (1) The £17,531k client related debt is made up of 12,753 individual debtors, with an average debt of £1,375 each. This compares with £17,363k and 12,749 debtors, with an average of £1,362 each, reported to ASSPOSC in September. The debt for both months is broken down as follows:

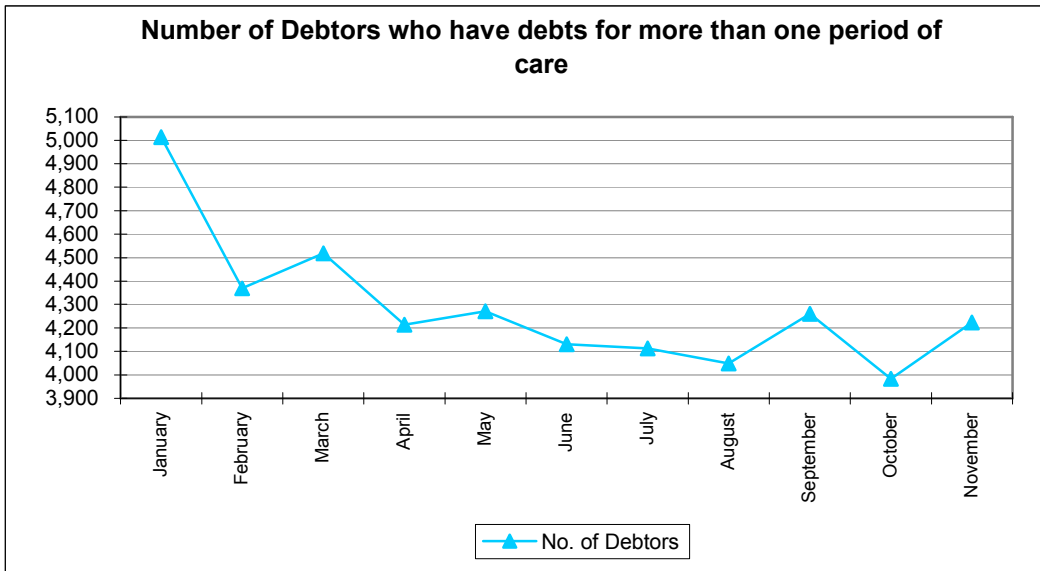
Type	November ASSPOSC (Sept. debt) (£000)	January ASSPOSC (Nov. debt) (£000)	Change (£000)
Residential	14,666	14,990	+324
Domiciliary	2,530	2,467	-63
Health Contributions	167	74	-93
Total	17,363	17,531	+168

(2) Of the 12,753 debtors, 8,530 (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 4,223 (33%) have debt for prior periods of care. This split is the same as that reported in November. 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
September	4,260	+211	-754
October	3,983	-277	-1031
November	4,223	+240	-791

This information is presented graphically as follows:



(3) Of the £17,531k only £13,015k is actually due for payment, invoices having only just been dispatched for the remaining £4,516k. Clients and health have 28 days to pay their invoices.

(4) The £13,015k can be broken down between secured and unsecured debt as follows:

• Unsecured – ongoing clients	£5,871k
• Unsecured – terminated/ deceased clients	<u>£871k</u>
Total Unsecured	<u>£6,742k</u>
• Secured with legal charges	£6,212k
• Health contributions	£61k
Overall Total of due debt	<u>£13,015k</u>

Aged Analysis of Unsecured Due Debt

7. (1) Appendix 2 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 up £355k from September.

Analysis of Ongoing Unsecured Debt (including Not Yet Due)

8. (1) Appendix 3 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 valuations 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 4,223 debtors with an outstanding debt 201 of these are secured by a legal charge. The total value of debt for this group is £6,393k which works out at an average of £31,806 each.

Unsecured Deceased/Terminated Debt

10. (1) Of the 4,223 debtors with an outstanding debt, 453 are either deceased or are now no longer receiving a chargeable service. The total value of debt for this group is £863k which works out at an average of £1,905 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 £176k of client debt and £8k 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.

Michelle Goldsmith
Directorate Finance Manager
Tel: 01622 221770
VPN: 7000 1770
michelle.goldsmith@kent.co.uk

Background documents: None