

By: Graham Gibbens, Cabinet Member Adult Social Care and Public Health
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To: Adult Social Services and Public Health Policy Overview and Scrutiny Committee - 7 April 2011

Subject: **KASS DEBT POSITION FEBRUARY 2011**

Classification: Unrestricted

Summary: To update this Committee on the current position of the KASS Social Care & AR Debt position as at February 2011

Introduction

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

Summary Position

2. (1) The overall debt for KASS as at February is £43,879k, of which £24,044k is not yet due for payment, leaving an amount due for payment of £19,835k.

(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	£5,886k
Sundry	<u>£493k</u>
Total	<u>£6,379k</u>

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

(4) The client billing debt is currently £17,877k, of which £13,455k is due for payment.

Analysis of Client Related Debt

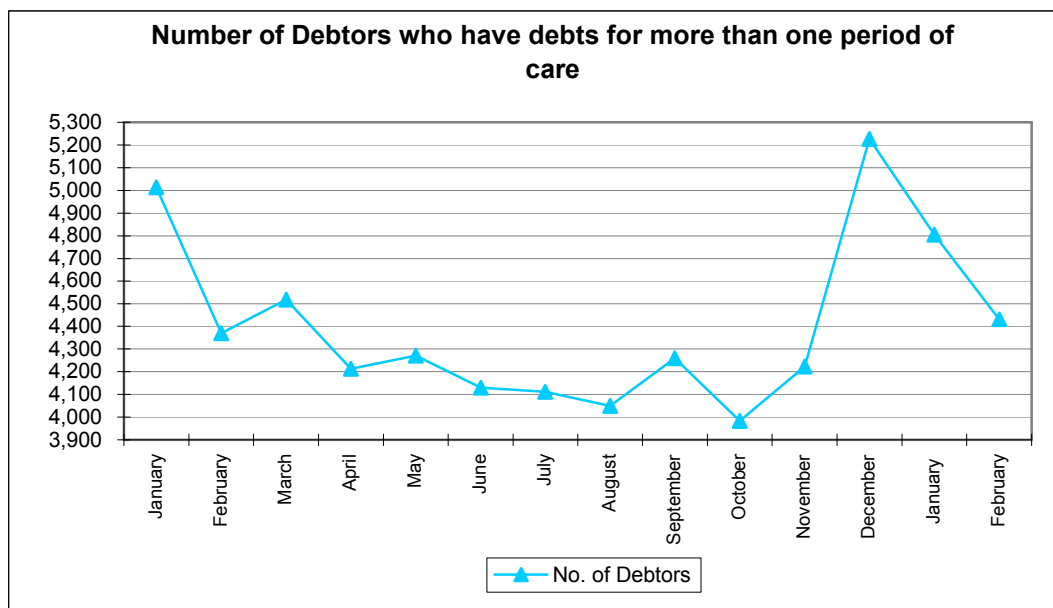
3. (1) The £17,877k client related debt is made up of 12,659 individual debtors, with an average debt of £1,412 each. This compares with £17,531k and 12,753 debtors, with an average of £1,341 each, reported to Adult Social Services POSC in January. The debt for both months is broken down as follows:

Type	January ASSPOSC (Nov debt) (£000)	April ASPHPOSC (Feb debt) (£000)	Change (£000)
Residential	14,990	15,347	+357
Domiciliary	2,467	2,471	+4
Health Contributions	74	59	-15
Total	17,531	17,877	+346

(2) Of the 12,659 debtors, 8,227 (65%) 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 4,432 (35%) have debt for prior periods of care. The following table shows how the number of debtors has changed since January 2010:

Month	No. of Debtors (1)	Change (2)	Change since January (3)
Jan 2010	5,014	-	
Feb 2010	4,369	-645	-645
March 2010	4,519	+150	-495
April 2010	4,213	-306	-801
May 2010	4,271	+58	-743
June 2010	4,130	-141	-884
July 2010	4,112	-18	-902
Aug 2010	4,049	-63	-965
Sept 2010	4,260	+211	-754
Oct 2010	3,983	-277	-1,031
Nov 2010	4,223	+240	-791
Dec 2010	5,227	+1,004	+213
Jan 2011	4,805	-422	-209
Feb 2011	4,432	-373	-582

This information is presented graphically as follows:



(3) Of the £17,877k only £13,455k is actually due for payment, invoices having only just been dispatched for the remaining £4,422k. Clients and health have 28 days to pay their invoices.

(4) The £13,455k can be broken down between secured and unsecured debt as follows:

	£K
• Unsecured – ongoing clients	£5,793k
• Unsecured – terminated/ deceased clients	<u>£1,056k</u>
Total Unsecured	<u>£6,849k</u>
• Secured with legal charges	£6,559k
• Health contributions	£47k
Overall Total of due debt	<u>£13,455k</u>

Aged Analysis of Unsecured Due Debt

4. (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 current position with the position reported last time. Overall the amount of Unsecured Debt that is Due for payment is up £108k from last time which is disappointing.

Analysis of Ongoing Unsecured Debt (including Not Yet Due)

5. (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 movement.

Secured Debt

6. (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 4,432 debtors with an outstanding debt 235 of these are secured by a legal charge. The total value of debt for this group is £6,905k which works out at an average of £29,832 each.

Unsecured Deceased/Terminated Debt

7. (1) Of the 4,432 debtors with an outstanding debt, 496 are either deceased or are now no longer receiving a chargeable service. The total value of debt for this group is £1,058k which works out at an average of £2,134 each.

Bad Debt Provision

8. (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

9. (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 £228k of client debt and £9k of sundry debt has been written off.

Recommendation

10. (1) Members are asked to **NOTE** and **COMMENT** on the content of the report.

Michelle Goldsmith
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Background documents: None