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To: Adult Social Services & Public Health Policy Overview & Scrutiny Committee – 7 July 2011

Subject: **KASS DEBT POSITION JUNE 2011**

Classification: Unrestricted

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Summary: To update this Committee on the current position of the Families & Social Care Debt position as at June 2011

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### **Introduction**

1. (1) This is the first of a regular report that updates this Committee on the latest debt position for the Families & Social Care Directorate. Unfortunately this report details the Adults related position only, any debt relating to Children's services are currently omitted. This will be corrected in time for future reports.

### **Summary Position**

2. (1) The overall debt for KASS as at June is £27,326k, of which £5,246k is not yet due for payment, leaving an amount due for payment of £22,080k.

(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	£8,443k
Sundry	<u>£566k</u>
Total	<u>£9,009k</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 £18,317k, of which £13,780k is due for payment.

## Analysis of Client Related Debt

3. (1) The £18,317k client related debt is made up of 12,602 individual debtors, with an average debt of £1,453 each. This compares with £17,877k and 12,659 debtors, with an average of £1,412 each, reported to ASSPHPOSC in April. The debt for both months is broken down as follows:

Type	July ASPHPOSC (June debt) (£000)	April ASPHPOSC (Feb debt) (£000)	Change (£000)
Residential	15,897	15,347	+550
Domiciliary	2,381	2,471	-90
Health Contributions	39	59	-20
<b>Total</b>	<b>18,317</b>	<b>17,877</b>	<b>+440</b>

(2) Of the 12,602 debtors, 7,966 (63%) 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 4,636 (37%) have debt for prior periods of care. The following table will plot the detail throughout the forthcoming year.

ASPHPOSC Month	No. of Debtors  (1)	Change  (2)
April 2011	4,432	
July 2011	4,636	+204

(3) Of the £18,317k only £13,780k is actually due for payment, invoices having only just been dispatched for the remaining £4,536k. Clients and health have 28 days to pay their invoices.

(4) The £13,780k can be broken down between secured and unsecured debt as follows:

	<b>£K</b>
• Unsecured – ongoing clients	£5,661k
• Unsecured – terminated/ deceased clients	<u>£957k</u>
Total Unsecured	<u>£6,618k</u>
• Secured with legal charges	£7,136k
• Health contributions	£26k
Overall Total of due debt	<u>£13,780k</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 down £232k from last time which is good news.

## **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) We continue to carry 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 4,636 debtors with an outstanding debt 255 of these are secured by a legal charge. The total value of debt for this group is £7,375k which works out at an average of £28,924k each.

## **Unsecured Deceased/Terminated Debt**

7. (1) Of the 4,636 debtors with an outstanding debt, 475 are either deceased or are now no longer receiving a chargeable service. The total value of debt for this group is £952k which works out at an average of £2,005 each.

## **Bad Debt Provision**

8. (1) At the end of 2010-11 the total bad debt provision for client related debt was £3,981k. 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 £1,960k at the end of 2010-11, 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 2010-11 amounted to £2,021k. 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 2009-10 £421k of client debt and £109k of sundry debt was formally written off. At the end of 2010-11 £351k of client debt and £17k of sundry debt had been written off.

### **Recommendation**

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

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*Background documents:* None