

Adult Social Care Debt Update

To:	Adults and Health Committee
Meeting Date:	27 June 2024
From:	Executive Director of Adults, Health and Commissioning Executive Director of Finance and Resources
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	N/A
Executive Summary:	This report provides Adults and Health Committee with an update on the debt position in relation to Adult Social Care services as the end of March 2024 and the actions being taken to improve this position. It also provides an overview of the financial assessment process, that establishes the means tested charge for care and support; along with information on how adult social care charging links to debt and support offered where individuals face difficulty in paying these charges.
Recommendation:	Adults and Health Committee is asked to note the position on debt related to the Adult Social Care service and actions being taken to address the current debt position.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 This report aligns to the following strategic ambitions:

- Ambition 4 People enjoy healthy safe and independent lives through timely support that is most suited to their needs. Timely financial assessments and collection of income due helps people manage their finances contributing to independent living.
- Ambition 5: People are helped out of poverty and income inequality. Contributions to care costs are assessed on the ability of the individual to pay. Support mechanisms are in place to help with difficulty in paying.

2. Background

- 2.1 The collection of income due to the Council is a shared responsibility between the service area to which the income relates, and the corporate debt team (based in the Finance and Resources directorate). For the Adults, Health and Commissioning directorate most invoiced income relates to contributions towards the cost of care, be that from Health partners or from individuals who are assessed as able to contribute to the cost of their care.
- 2.2 Strategy, Resources and Performance Committee is responsible for the overall strategy in relation to debt collection. Audit and Accounts Committee receives detailed monitoring updates considering the debt position of the Council as a whole, [most recently in December 2023](#). This report is provided for information on the position of debt related to the services within the remit of the Adults and Health Committee.

3. Main Issues

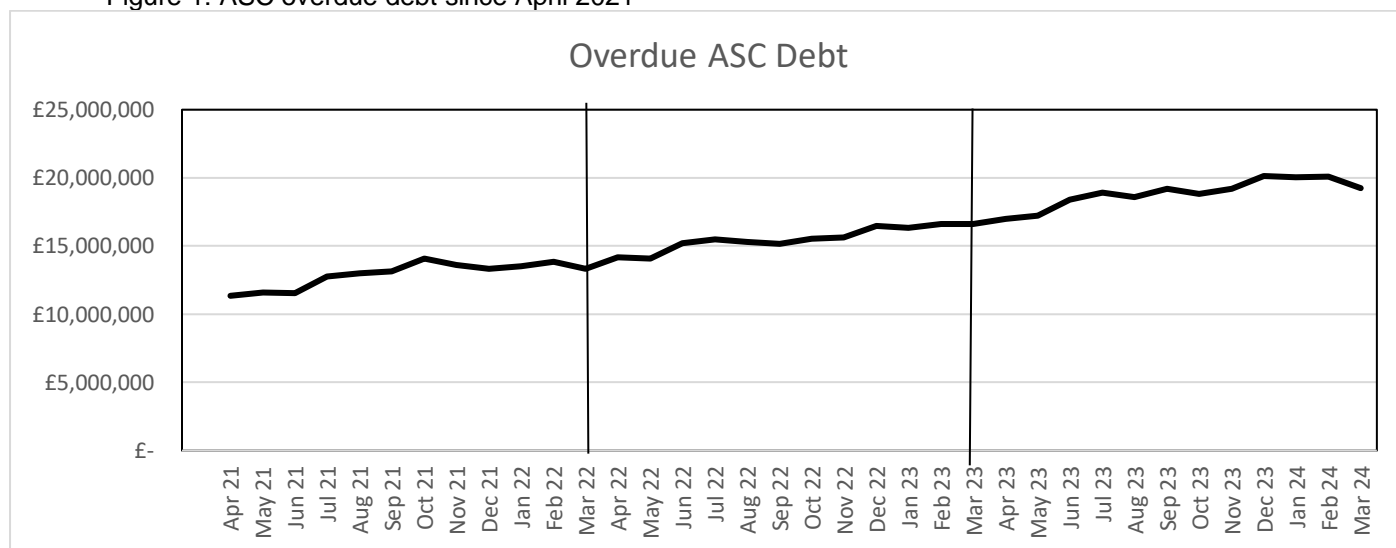
3.1 How Adult Social Care (ASC) links to charges/debt

- 3.1.1 Currently, unlike NHS services, social care is not free at the point of use. Anyone who requests public funded social care must undergo a needs assessment and a financial assessment. The Care Act 2014 provides the legal framework for charging for care and support. Section 14 of the Act enables local authorities to charge a person in receipt of care and support services, and Section 17 of the Act permits local authorities to undertake an assessment of an individual's financial resources to determine the amount, if any, that they will be required to pay towards the cost of their care.
- 3.1.2 People in receipt of care and support either in their own homes, in the community, or in a care home will pay the full cost of their care if the value of their capital taken into account in the financial assessment exceeds the upper capital threshold limit. The current nationally set capital limit is £23,250. Those with capital between the lower capital limit of £14,250 but not exceeding the upper capital limit of £23,250 will be assessed as being able to make a contribution. Most people therefore pay some, or all, of their care costs themselves.
- 3.1.3 To start the Financial Assessment process, the Care Team make a referral to the Financial Assessment Team. This is typically once a care needs assessment determining eligible

care and support needs is completed. On referral the Financial Assessment Team invite the client/representative to provide details of their financial circumstances that must be considered under the regulations. If no information is received following reminders/chasers and offers of support, the team will query the Department of Work & Pensions to see if the client is in receipt of welfare benefits or not. If the client is, they will be financially assessed on that basis. If they are not, the client will be assessed as able to pay the full cost as they have not provided information to enable the council to reach any other conclusion. Invoices for client contributions are raised 4-weeks in arrears.

- 3.1.4 Any delay between the start of care, the financial assessment and then being invoiced, can lead to uncertainty about the contribution that will be required which can contribute to the debt position.
 - 3.1.5 For those people in residential care, that require property to be taken in to account, this can be complex (who owns what property, and should it be regarded in the assessment) and typically will present a challenge to the client in how they will pay their care fees. Clients are offered a Deferred Payment Agreement (DPA) and if they accept the offer, can defer their care fees against the value of their property.
 - 3.1.6 If at any point the person lacks capacity and does not have a representative with proper legal authority to act on their behalf (no Lasting Power of Attorney for finances, for example), this means a financial assessment cannot be completed and must be considered responsible for the full cost of their care, but without the ability to pay as they lack capacity. Consequently, these people will be debtors until a representative with appropriate legal authority can act on their behalf and provide the information required to complete the financial assessment.
- 3.2 ASC debt overview and trend
- 3.2.1 Adult Social Care overdue client debt at the end of March 2024 stood at £19.3m, an increase of 16% from £16.6m at the end of March 2023. In addition, NHS overdue debt related to Adult Social Care stood at £13.0m at the end of March 2024 compared to £1.4m at the end of March 2023. Overdue Integrated Care Board (ICB) debt at the end of March 24 included £2.6m in relation to the Integrated Community Equipment pooled budget for 2023/24 and £7.8m for the Learning Disability pooled budget for 2023/24. The Council is very actively engaging with the ICB to secure payment of these sums: only approximately 5% of the overdue amount is in dispute, but the Council has taken the view that the invoices have been properly presented following governance processes. The Council is supporting a further stage of review at the ICB and is awaiting the outcome of this in June.
 - 3.2.2 The value of overdue ASC client debt has been rising steadily over the last 3 years as shown in Figure 1 below:

Figure 1: ASC overdue debt since April 2021



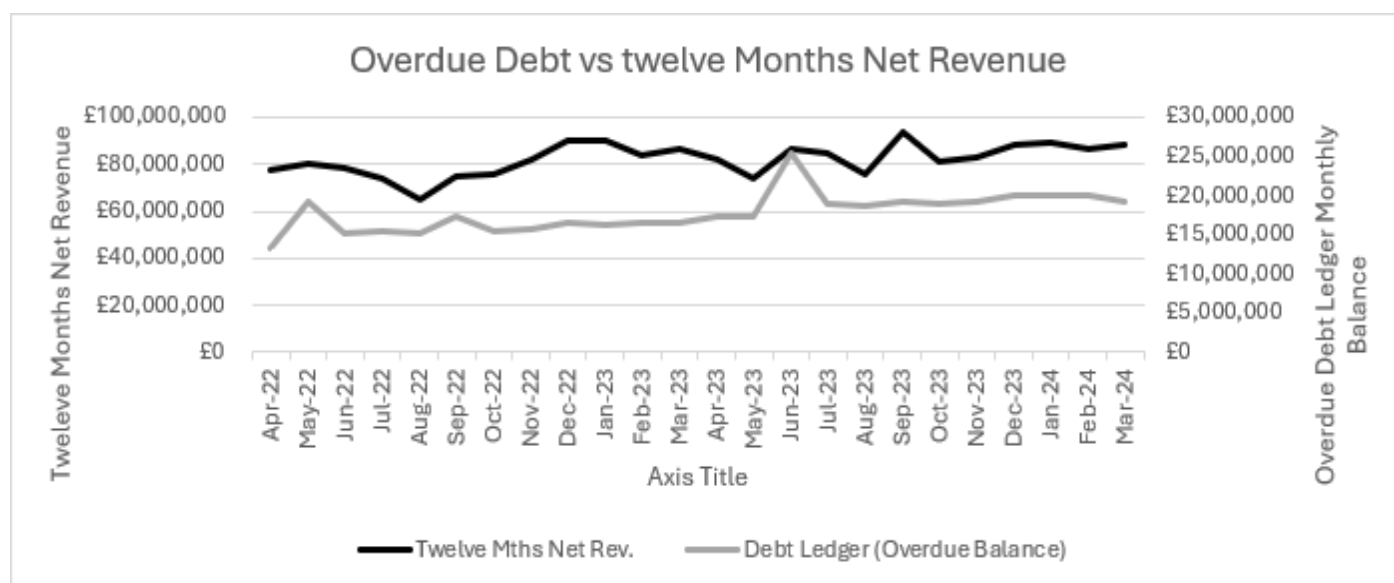
3.2.3 The reasons for increasing debt are multiple but include:

- a) Increased billing – as the value of billing increases over time (as a result of inflation and demographic changes) we would expect debt to rise.
- b) Increases in backdated adjustments following change of financial assessment from provisional to actual of 38% from £4m in 2022/23 to £5.5m 2023/24. April 2024 aged debt includes a further £974k of adjustments raised in April 2024.
- c) 62% Increase in large invoices relating to Deferred Payment Agreements, Direct Payment Overspends (Clawbacks) & back dated charges relating to delays in Assessments to £3.9m 2023/24, compared with £2.4m in 2022/23.
- d) 10% Increase in outstanding debt related to Deceased to £6.2m April 2024, compared to £5.3m in April 2023. Some of the increase relates to extended times within the Probate Service and factors associated with the current property market that has impacted sales.
- e) 38% increase in Court of Protection Debt to £4.8m April 2024 compared with £3.5m in April 2023 which is in part due to a backlog of cases with the Office of Public Guardian as well as the Council's processes for handling these cases.

Several of these factors reflect national issues beyond Cambridgeshire. We know from liaison with other County Councils that the sector is seeing an increase in client contribution debt overall.

3.2.4 As well as looking at the absolute value of debt, we monitor debt against the value of annual billing. This then better reflects the fact that as the value of billing increases over time we would expect debt to rise. The movement in overdue debt compared to a rolling 12 months of annual billing is shown in the graph below:

Figure 2: ASC overdue compared to 12 months net revenue raised



3.2.7 Debt write offs of Adult Social Care client debt have amounted to £792k in 2023/24 and £1,073k in 2022/23. This equates to 0.87% of annual billing and 4.1% of the year end overdue debt balances.

3.3 How we support people who may feel their assessment / charges are challenging to pay,

3.3.1 Any person who express difficulty in paying their client contribution are invited to review their Disability Related Expenditure (DRE), these being additional costs they incur for meeting their care and support needs which are not being met by Adult Social Care and could be disregarded from the financial assessment. The Financial Assessment Team support the person to provide evidence of expenditure, and the Care Team review those costs in consideration of the client's individual circumstances. Where DRE is agreed this is recorded in the Financial Assessment as a 'disregard' to their income and has the effect of reducing the client's care contribution.

3.3.2 Clients are also referred to the Welfare Benefits Advisors team (managed as part of the Council's Adult Early Help service) where an Advisor, using Lisson Grove Benefits calculator, will support a client to understand what benefits they may be entitled to and how these might be claimed.

3.3.3 Following these processes, if a client cites financial hardship and asserts their contribution is unaffordable, the client can be invited to submit a waiver request. Clients/representatives are asked to provide as much information as possible about their wider finances (such as other debts, commitments and obligations) and these are reviewed by Adult Social Care.

3.3.4 The council implemented a number of changes during May 2021 following central government legislation in respect of the Debt Respite Scheme (Breathing Space). As a result, where the council is notified by a qualified debt advisory service that a customer has entered a Breathing Space, all further recovery work is placed on hold, to ensure that the council allows a period of time for the customer to reflect and put in place plans on how they could manage the debt and repayments. A standard Breathing Space can last up to 60

days, and a Mental Health Breathing space is to last the duration of the crisis treatment, followed by an additional 30 days.

3.4 Anti-poverty support

3.4.1 The Council provides a range of support to people who are finding it difficult to pay as set out below:

Welfare Benefits Team, Adult Early Help (AEH)

Welfare Benefit Advisors, working with Adult Social Care teams, support clients in maximising their personal and household income. Adult Social Care teams 'refer' into the Welfare Benefits Advisors, who will engage with clients to provide information and guidance on eligibility for benefits.

In the calendar year 2023, the Welfare Benefits Team recorded 1140 referrals and £1.1m of welfare benefits gains and arrears. Most cases relate to Attendance Allowance, Personal Independence Payment and Pension Credit.

EntitledTo: online benefit eligibility tool

Accessible via the council website, also .gov and direct through EntitledTo, this tool enables citizens to find out what benefits they might be able to claim and they receive an estimate of their entitlement to benefits.

Council Website: Cost-of-Living support

The council publishes in one place a wide and diverse array of signposting to information, advice and resources available to citizens, to access support to maximise their own income, or that of their household. These are local and national resources.

[Support with the cost of living - Cambridgeshire County Council](#)

Signposting covers:

- Energy Support
- Money & Advice
- Childcare
- Council Tax
- Early Years
- Food
- Grants
- Health & Wellbeing
- Help to get online
- Home items & furniture
- Housing
- In Crisis
- Warm hubs
- Water

Council Website: Emergency Help, money and benefits advice

A comprehensive financial resource hub to support citizens in dealing with debt, planning a budget, or exploring government support

[Emergency help, money and benefits advice | Cambridgeshire County Council](#)

Support, information and assistance with:

- Looking to optimise your finances?
- Money advice
- In crisis
- Debts
- Income max
- Grants
- Stay well
- Budget planner
- Savings
- Cost of living
- Looking to access benefits?

Further Council Website resources, information and support:

[Benefits and financial support for carers | Cambridgeshire County Council](#)

[Money matters | Cambridgeshire County Council](#)

[Money and benefits | Cambridgeshire County Council](#)

[Benefits for adults and older people | Cambridgeshire County Council](#)

[Cambridgeshire Local Assistance Scheme | Cambridgeshire County Council](#)

Household Support Fund

The Household Support Fund (HSF) is a grant funded by UK Government (currently up to October 2024) to support those most in need and to help with the rising cost of living. It is not charity and does not need to be paid back.

Council has committed to using this funding to support households experiencing immediate financial hardship, through the provision of financial vouchers or cash payments to help to cover the cost of Household Energy Bills, Food.

Central Government Cost-of-living

The council's website provides links to Central Government's Cost-of-Living support at: [Central Government cost of living support](#).

4. Debt Management improvement and actions arising

- 4.1 The growth in ASC debt led to a Deep Dive of the ASC position being undertaken in 2023. We identified a number of areas of potential improvement to both reduce ASC debt and also improve a person's experience relating to ASC Finance. As a result a project was launched in November 2023 (co-chaired by the Service Directors for Finance and Adult Social Care) to ensure effective coordination, project governance, and that the benefits would be robustly monitored. The Project Board consists of the corporate debt team and ASC teams to target areas of key concern. Debt relating to "Court of Protection" and "Deceased" categories between them make up over 50% of total aged debt so they have been a particular area of focus to date.

The Debt Improvement project consists of a number of different workstreams. Key actions being taken as part of the project include:

- (a) Address issue of significant delays with Court of Protection (COP), Debt circa £4.9m [Mar24] which has reduced from high of £5.2m [Feb24]
- (b) Undertake review of Deceased notification process, Debt circa £6.0m [Mar24] which has reduced from high of £6.9m [Jan24]
- (c) Reduce financial assessment backlog; 391 cases [May '24], reduced from a high of 1,055 [Jun '23]
- (d) Improve recruitment and retention of Financial Assessment Officer capacity, and when embedded and trained will support timely assessments and prevent future backlogs; 15 FTE [Dec '23], increased from a low of 12 FTE [May '23]
- (e) Improved data relating to debt so that true levels of debt are better understood along with the potential causes and areas of improvement.
- (f) Reduction in cases waiting for a response from within ASC and reducing the associated debt

- (g) Appropriate operating model for Debt Team resource to ensure recovery opportunities are maximised, with two additional FTE joining the Team in May 2024. Once resources have embedded this will provide additional resource to make performance improvements. Future Target Operating Model of the Debt Team to be identified as part of the overall project work and to reflect improvements in processing and increased use of digitalisation.
- (h) Address issue of significant delays Probate Service - Current Debt circa £5.5m, remains on an upward trajectory;
- (i) Address low levels of digitalisation take-up with service impacts on costs and recovery, current activity on increasing both direct debit take-up and paperless billing, deployment of Online Financial Assessment tool; and
- (j) Close working with the Integrated Care Board to try to address overdue Health debt.

5. Conclusion and reasons for recommendations

- 5.1 Adults and Health Committee is asked to note the position on debt related to the Adult Social Care service and actions being taken to support the person and address the current debt position.

6. Significant Implications

6.1 Finance Implications

The report provides an update on the debt position for Adult Social Care services and actions being taken to improve this position.

6.2 Legal Implications

The Care Act 2014 provides the legal framework for charging for care and support.

6.3 Risk Implications

The longer debt remains outstanding the higher the risk that it cannot be collected so actions to address the rising debt position will contribute to reducing the risk of non payment of debt.

6.4 Equality and Diversity Implications

There are no significant implications within this category

7. Source Documents

Debt Management Improvement Action Plan, Finance & Resources Directorate