



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

CARE CHARGES INCOME FORECAST OUTTURN 2017/18

Report by Director of Finance and Corporate Resources

PURPOSE OF REPORT

1. To update the Board on the forecast outturn in relation to older people's residential care charges income for 2017/18.

COMPETENCE

2. The analysis of income has identified at £0.353m excess of actual over budget.

SUMMARY

3. As part of the financial monitoring process an estimate of care charges income is made to enable a forecast outturn position to be provided.
4. The total budget for care home income for 2017/18 is £2.016m (following the deduction of bad debt provision).
5. There has been continued progress to clear the backlog alongside the processing of new and annual review financial assessments. A concurrent report to the Comhairle's Audit and Scrutiny Committee is reporting 42 cases left in the backlog (from an initial 124) – See Appendix Two.
6. Given the significant progress made to clear the backlog of financial assessments, it has been possible to undertake a line by line review of the forecast outturn within each care home.
7. In line with the practice used to calculate the budgeted income, a 20% provision of £0.592m has been included in the forecast outturn for bad debts.
8. Estimating budgets and forecast outturn for care charges is problematic due to the assumptions required for service user income profiles. As service users change annual income can vary by up to £40,000 depending on their financial circumstances.
9. The forecast outturn predicts an excess of £0.354m over the income budgeted.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

FORECAST OUTTURN

10. Appendix One summarises the forecast outturn income for each care home.
11. This forecast outturn has been calculated as follows:

Income for service users currently resident

- An analysis of transactions currently captured on the ledger has been undertaken to ensure all service users currently resident in the homes are accounted for;
- Where annual reviews are underway the Financial Assessment team raise “holding” invoices on a monthly basis until all information is received. This allows direct debit payments to continue. A calculation of income due for the year but not yet invoiced has been included in the forecast outturn based on the weekly rate being used for the latest “holding” invoice;
- For backlog cases where no financial assessment has been undertaken the rate of £126.60 has been used to ensure 52 weeks are accounted for each service user in the income figure. No estimate for capital charges is included in line with the process used to calculate the annual accrual figure;
- For admissions since 1 April 2017 where no financial assessment has been completed the rate of £126.60 has been used to ensure all weeks resident up to 31 March 2017 are accounted for each service user in the income figure; and
- Where income is fully billed for the period 1 April 2017 to 31 March 2018 no further adjustment is required.

Income for financial years prior to 2017/18

- A provision has been included in the ledger for income due for financial years prior to 2017/18 which is assessed and invoiced in 2017/18. Whilst an accrual usually cancels out this income there may be instances where the financial assessment means a net loss or gain to the IJB. Where assessments have been completed and invoices raised this loss/gain has been included in the forecast outturn;
 - For cases which are still to be assessed the accrual figure has been excluded from the calculation; and
 - As reported to the June series of meetings where no information was available about property, no provision was made for charges against capital. This has led to additional income over and above the accrual where assessments have included capital values.
12. In line with the way in which the budget was calculated, a 20% provision for bad debts has reduced the forecast outturn future.
 13. The forecast outturn predicts a total excess of £0.354m over the income budgeted.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

ASSUMPTIONS AND RISKS

14. The Integration Joint Board may wish to note the following assumptions used and risks which may arise from this forecast outturn process:
15. It is assumed that the bad debt provision currently set aside to cover back log debt with the 20% in year contribution will be sufficient to cover any income which has invoiced or estimated but cannot subsequently be realised.
16. Debt may not be recovered for a number of reasons which include house sales which do not realise the valuation or a delay in over 6 months in notifying a service user that a financial assessment and payment for service is required. At this time it is anticipated that the bad debt provision will be sufficient to cover any such instances.
17. No assumptions have been included to account for turnover in service users.
18. Where no information is currently held on service user income the standard rate of £126.60 has been used to calculate the charge due to minimise the potential for over estimating income. The actual amount may be less or may exceed this weekly rate.
19. Where no information is currently held on service user capital assets, no estimate of charges due for this element has been included in the forecast outturn. Until such time as property ownership and valuations are known the inclusion of a figure for income arising from capital cannot be estimated with any reasonable level of certainty.
20. Estimating budgets and forecast outturn for care charges is problematic due to the assumptions required for service user income profiles. As service users change annual income can vary by up to £40,000 depending on their financial circumstances. At this stage income variations have not been factored in to the approach being used.

CONCLUSION

21. Using a line by line approach to calculation a forecast outturn of £0.354m in excess of budget is being reported.
22. Following this detailed piece of work, the forecast outturn will now be updated on a monthly basis replacing estimated income with actuals as assessments are completed.





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

RECOMMENDATION(S)

23. It is recommended that the Integration Joint Board:

- a) Note the forecast outturn of £2.370m residential care home income which is £0.354m excess of budget.

Name of Contact Officer
Title

Helen Mackenzie
Head of Procurement and Exchequer Services, CnES

01851 822628

Appendix 1

Care Charges Forecast Outturn 2017/18 as at
15 September 2017

CÙRAM IS SLÀINTE





CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

www.wihsc.nhs.uk