



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

RESIDENTIAL CARE CHARGES INCOME 2016/17

Report by Chief Officer, Health and Social Care

PURPOSE OF REPORT

1. To update the Board on the year end position in relation to care charges income for 2016/17.

COMPETENCE

2. There are no legal, financial or other constraints to the recommendations being implemented.

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. There has been a backlog position in assessing and invoicing for care charges and this has necessitated estimates of expected income to be made each quarter.
5. As the backlog reduces this estimate reduces and actual income due is invoiced and included in ledger (and forecast outturn) figures. The monitoring report presented to the Comhairle's Audit and Scrutiny Committee on 20 June 2017 reported sixty one backlog cases were still to be invoiced, 31 (thirty one) service users still resident in a care home, 30 (thirty) deceased or discharged.
6. In the past it has been standard practice to estimate only for income based charges particularly when no information pertaining to property ownership and/or value was available. This means financial risk relating to unknown income is reduced due to income being underestimated rather than overestimated.
7. A significant change in income estimated occurred between quarters 3 and 4 of 2016/17. This is due to the 201 invoices which were raised in February, March and April (period 13) which included a number of backlog cases where assessments were completed and invoices raised.
8. £1.982m has been included as the income budget for 2017/18. This figure is still an estimate of income due, with assumptions relating to the resident's financial circumstances and periods where rooms are not occupied being factored into the assumptions made. A change from a resident who can afford to pay the full charge for a year compared to one on minimum charge can impact on the income due.
9. It is proposed that an update be brought to the meeting in September 2017 for the period April – August 2017 to review the estimated income to be received in the year and any consequent impact that this would have on overall forecast outturn position.



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BACKGROUND

10. The following details the financial position in relation to income due for care homes in 2016/17.

Budget (following deduction of bad debt provision)		£2.061m
Income recorded in 2016/17	£2.922m	
Less contribution to bad debt provision	£0.496m	
Income included in 2016/17 accounts		£2.426m
Additional income received compared to budget		£0.365m

Total value of Invoices raised in 2016/17	£3.368m	
Less reduction in year-end accrual	£0.446m	
Less contribution to bad debt provision	£0.496m	
Income before deduction for bad debt provision		£2.426m
Forecast outturn as at Quarter 3		£1.916m
Actual outturn as at Quarter 4		£2.426m
Difference attributable to change in estimated income compared to actual invoiced		£0.510m

11. The budget for care home income for 2017/18 is £1.982m (following the deduction of contribution to bad debt provision).
12. The bad debt provision at 31 March 2017 is £1.204m.
13. The potential difference in charges levied to a resident within a Comhairle care home is as follows:

Low income resident	£62.85
High income resident	£827.00
Difference per week	£764.15

14. This could have a consequent potential variation in income of £39,842.78



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CONCLUSION

15. The change in income projection between quarters 3 and 4 can be attributed to the difference between estimated charge and the actual amount invoiced.
16. Adopting a conservative estimate of charge excluding property where details are not known prior to assessment is the approach which exposes the Integration Joint Board to the lowest level of financial risk.

RECOMMENDATION(S)

17. It is recommended that the Integration Joint Board:
 - a) note the financial position in relation to income for 2016/17; and
 - b) approve a further report be brought to the meeting in September 2017 to review the estimated income to be received in 2017/18 and any consequent impact that this would have on overall forecast outturn position.

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