

Item No.	Classification: Open	Date: 18 March 2020	Meeting Name: Cabinet Member for Children, Schools and Adult Care
Report title:		Authorisation of Debt Write-offs of £5,000 up to £50,000 for Adult Social Care Division	
Ward(s) or groups affected:		N/A	
From:		Director for Adult Social Care	

RECOMMENDATIONS

1. That the cabinet member for children, schools and adult care authorises the write-off of £175,766.86 of debt as set out in Appendix 1 of this report.
2. That the cabinet member for children, schools and adult care advises on any further action they require on any write-offs not agreed within this report.

BACKGROUND INFORMATION

3. Under the council's constitution, write-off of debts of £5,000 up to £50,000 has been delegated to individual members within their own service area. Debt write-off under £5,000 can be authorised by chief officers. Write-off of any debt of £50,000 or over must be referred to the cabinet committee for authorisation.
4. There are a number of key reasons why the council may wish to write-off a debt. These include:
 - 4.1 The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
 - 4.2 The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded the debt cannot be enforced by legal action.
 - 4.3 There has been a negotiated settlement as part of a complaint or dispute resolution which leaves a residual amount to be written off.
 - 4.4 The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - 4.5 The debtor is deceased and there is no likely settlement from the estate or next of kin.
 - 4.6 Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.
 - 4.7 The debt should not have been raised, was based on erroneous information or cannot be substantiated, and subsequent enquiries have confirmed this.

KEY ISSUES FOR CONSIDERATION

5. The total debt to be written off is £175,766.86. The debt is deemed unrecoverable as it relates to clients now deceased without estate, the debt is time barred, uneconomic to pursue or debt cannot be substantiated.
6. Adults' Services holds a debt provision which is used to manage the financial impact of irrecoverable debts.
7. The outstanding debt situation will be monitored frequently and reviewed on a monthly basis. A write-off report summarizing debt which has been deemed unrecoverable will be produced at a frequency of no less than biannually, in line with good practice.

Policy implications

8. These write-offs have been considered in accordance with the council's agreed write-off policies and procedures.

Community impact statement

9. All write-offs are considered with due regard to any potential community impact and on their own merits. This decision has been judged to have no or a very small impact on local people and communities.

Resource implications

10. These debts are contained within the bad debt provision set up by Adults' Services. The bad debt provision is reviewed annually and will take account of the proposed debt write-offs set out in this report.

Legal implications

11. In the case of the debts noted, there are no further implications for the debtor or chargeable assets associated with that debt, and associated debt recovery operations will also cease.

Finance implication

12. The £175,000 proposed to be written off will have no impact on the net budget position of Adult Social Care in 2019-20 as the division maintains a sufficient level of bad debt provision. The written off debt will be funded from this provision.

Consultation

13. Not required.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

14. This report recommends that the debts as set out in Appendix 1, be written off in accordance with the council's procedure on debt write-off. Each debt is above £5,000 but below £50,000.

15. The report has set out circumstances whereby debts can lawfully be written off by the council and these include circumstances when a debtor has gone bankrupt, the debt is time barred, where the debtor is deceased or gone away. In such circumstances to pursue the debt would be a very difficult and costly exercise with little or no chances of success.
16. The debts set out in Appendix 1 relate to six statute time barred cases which cannot be legally enforced, three where the debt cannot be substantiated, three where the debts are uneconomical to pursue and nine deceased accounts where there is no estate and little chance of success of recovery.
17. The director of law and democracy considers the proposed write-offs to be in accordance with the council's procedures and lawful.
18. Approving write-off of debts between £5,000 and £50,000 is reserved, under the council's constitution, to cabinet members where it is within their areas of responsibility. Responsibility for adult social care fees fall within the portfolio of the cabinet member for children, schools and adult care.

Strategic Director of Finance and Governance (15DK19/20)

19. The strategic director of finance and governance notes the content of this report, and in particular the comments found within the Financial Implications section. The service maintains a prudent provision for bad debt and this is reviewed annually. The items proposed for write-off can be contained within the existing provision.

Other officers

20. No other officers were required to be consulted.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Invoices, statements and debt recovery information – January 2020	Children's and Adults' Services 4 th Floor, 160 Tooley Street, London, SE1 2QH	Deborah Greenwood 020 7525 0815

APPENDICES

No.	Title
Appendix 1	Debt write-off February 2020 - Open debts - £5,000 to £50,000

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director of Children's and Adults' Services	
Report Author	Deborah Greenwood, Client Finance Manager (debt), Adult Social Care Directorate	
Version	Final	
Dated	20 February 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team	16 March 2020	

