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| Item No. | Classification: Open | Date: 27 April 2023 | Decision Taker: Cabinet Member for Health and Wellbeing |
| Report title: | | Client contributions debt write-off (£5k to £50k) | |
| Ward(s) or groups affected: | | All | |
| From: | | Strategic Director of Children and Adult Services | |

RECOMMENDATIONS

1. That the cabinet member for health and wellbeing authorise the write-off of £245,620.78 of debt as set out in Appendix 1 of the report.
2. That the cabinet member for health and wellbeing advise on any further action they require on any write-offs not agreed within this report.

BACKGROUND INFORMATION

3. Under Southwark Council's constitution, write-off of debts of between £5,000 and £50,000 are delegated to individual cabinet members within their own portfolio areas. Debt write-offs under £5,000 can be authorised by chief officers. Write-off of any debt of £50,000 or over must be referred to cabinet for authorisation.
4. There are a number of key reasons why the council may wish to write-off a debt. These include:
 - The debt is uneconomic to collect i.e. the cost of collection, including substantiation is greater than the value of the debt.
 - 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 accrued or since the debt was acknowledged by the debtor, the creditor cannot bring court proceedings to recover the debt.
 - There has been a negotiated settlement as part of a complaint or dispute resolution which leaves a residual amount to be written off.
 - The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - The debtor is deceased and there is no likely settlement from the estate.

- Insolvency: where the organisation or person has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.
- 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 £245,620.78.
6. The debt is deemed unrecoverable as it relates to eighteen cases including service users and organisational debt where the debt is time barred and cannot be recovered through the court, three cases where clients are now deceased and have no estate, one negotiated settlement, one case where the debt cannot be substantiated and one case that is uneconomic to pursue.
7. The Adult Social Care Division holds a debt-write off reserve fund which is used to manage the financial impact of irrecoverable debts.
8. The outstanding debt situation will be monitored frequently and reviewed on a monthly basis. A write off report summarising debt that has been deemed unrecoverable will be produced at a frequency of no less than bi-annually, in line with good practice.

Policy framework implications

9. These write-offs have been considered in accordance with the council's constitution and corporate write-off policy.

Community, equalities (including socio-economic) and health impacts

Community impact statement

10. 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.

Equalities (including socio-economic) impact statement

11. Southwark Council treats all individuals consistently and fairly and ensures that individuals rights under The UK General Data Protection Register (UKGDPR) and human rights legislation is protected. Adult Social Care write offs are managed through a write off policy and each write off contained in this report is considered on an individual basis through a standard consistent and transparent approach.

Health impact statement

12. The health implications have been considered and there are none relevant to this report.

Climate change implications

13. There is no climate impact.

Resource implications

14. These debts are contained within the bad debt reserve provision set within the Adult Social Care Division. The bad debt provision is reviewed annually and will take account of the proposed debt write-offs set out in this report.

Legal implications

15. Where debts are written off, there are no further implications for the debtor or any potentially chargeable assets associated with that debt, and all associated debt recovery operations will cease

Financial implications

16. These debts are contained within the bad debt provision set within the Adult Social Care division. The bad debt provision is reviewed annually and will take into account the proposed debt write offs set out in this report.

Consultation

17. No other officers were required to be consulted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive - Governance and Assurance

18. 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.
19. The report has set out the circumstances whereby debts can lawfully be written off by the council and these include circumstances such as where 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 chance of success.
20. The assistant chief executive - governance and assurance considers the proposed write-offs to be in accordance with the council's procedures and law. 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.

Strategic Director of Finance and Governance

21. The strategic director of finance and governance notes the contents of this report, and in particular the comments found in the Financial Implications section. The service maintains a prudent provision for bad debt.

Other officers

22. No other officers were required to be consulted.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|--|--|
| Council Constitution | Adult Social Care Directorate, Personal Budgets and Client Finance, Children and Adult Services, 4 th Floor, 160 Tooley Street, London, SE1 2QH | Deborah Greenwood 020 7525 0815 020 7525 3672 |
| Link: https://moderngov.southwark.gov.uk/ieListMeetings.aspx?Committeeld=425&Info=1&bcr=1 | | |
| Equalities Act 2010 | Adult Social Care Directorate, Personal Budgets and Client Finance, Children and Adult Services, 4 th Floor, 160 Tooley Street, London, SE1 2QH | Deborah Greenwood 020 7525 0815 020 7525 3672 |
| Link: https://www.legislation.gov.uk/ukpga/2010/15/contents | | |
| Public Sector Equalities Duty | Adult Social Care Directorate, Personal Budgets and Client Finance, Children and Adult Services, 4 th Floor, 160 Tooley Street, London, SE1 2QH | Deborah Greenwood 020 7525 0815 020 7525 3672 |
| Link: https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty | | |

APPENDICES

| No. | Title |
|------------|---|
| Appendix 1 | Debt write off - Closed debts - £5k to £50k |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Lead Officer | David Quirke-Thornton, Strategic Director of Children and Adult Services | |
| Report Author | Deborah Greenwood, Client Finance Team Manager (Debt), Adult Social Care Division | |
| Version | Final | |
| Dated | 25 April 2023 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Assistant Chief Executive - Governance and Assurance | Yes | Yes |
| Strategic Director of Finance and Governance | Yes | Yes |
| Cabinet Member | Yes | No |
| Date final report sent to Constitutional Team | | 27 April 2023 |