

Item No.	Classification: Open	Date: 15 May 2013	Decision taker: Cabinet Member for Health and Adult Social Care
Report title:		Authorisation of Debt Write-offs of £5,000 up to £50,000 for the Children's and Adults Services Department – Adult Social Care division	
Ward(s) or groups affected:		All	
From:		Departmental Finance Manager	

RECOMMENDATIONS

1. That approval is given for the write off of £29,593.99 of debt detailed in Appendix 1 of the closed report.
2. That the cabinet member advises 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 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 was last demanded, the debt cannot be enforced by legal action.
 - 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 or next of kin.
 - 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 provision of care is not contingent on the completion of all administrative procedures, although the aspiration is to do this. Accordingly it is possible that care is given before certain enquiries have been made, in particular the financial status of clients.
6. The total debt to be dealt with is detailed at appendix 1 of the closed report and stands at £29,593.99. All the debts are being written off by reversal because the debt should not have been raised, was based on erroneous information or cannot be substantiated, and subsequent enquiries have confirmed this.
7. Debt reversal is allowable under the council write off policy, and is declared to maintain transparency. A bad debt provision exists to handle bad debt write offs or reversals.

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 a very small impact on local people and communities.

Resource implications

10. Both of these debts are contained within the bad debt provision set up by the Adult Social Care division. There will be a small impact on the existing bad debt provision and the bad debt provision will be adjusted accordingly for anticipated future debt write offs.

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.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

12. The Director of Legal Services (acting through the Contracts Section of the Corporate Team) notes the content of this report and advises that the decision to approve the recommendation contained within paragraph 1 is one of a number of matters which are expressly reserved to the Cabinet Member having responsibility for his/her service area under Part 3D of the Council Constitution. The report confirms at paragraphs 6 and 7 the reasons why it is considered appropriate to recommend write-off of the debts in this case.

Departmental Finance Manager (NR/ASC/9/4/13)

13. This report recommends that approval is given for the write off of £29,593.99 of debt by reversal and that the cabinet member advises any further action they require on any write-offs not agreed within this report. The reasons for the debt write off as stated in the report are noted, and that the procedure is undertaken in accordance with the council's agreed policies for debt write off. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Invoices, statements and debt recovery information	Adult Social Care Division	Kevin Almond 0207 525 3555

APPENDICES

No.	Contact
None	

Audit Trail

Lead Officer	Sarah McClinton – Director Adult Social Care	
Report Author	Nick Ridgment – Departmental Finance Manager	
Version	Final	
Dated	15 May 2013	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Departmental Finance Manager	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team	15 May 2013	