

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> July 29 2009	<b>Meeting Name:</b> Executive
<b>Report title:</b>		Authorisation of Debt Write-offs above £50,000 for Health & Community Services	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Health and Community Services	

## RECOMMENDATION(S)

1. That approval is given for write-off of the debt detailed below.

## BACKGROUND INFORMATION

2. Under the Council's Constitution write-off of debts above £50,000 must be considered by the Executive. The debt is more than £50,000.
3. The debtor is deceased and there is no likely settlement from the estate or next of kin.

## KEY ISSUES FOR CONSIDERATION

### *Policy implications*

4. The proposed write-off set out in this report is recommended in accordance with the Council's agreed write-off policies and procedures. The reason for the recommendation to write-off is stated in appendix 1 attached.
5. The following actions have been taken to recover this debt:
  - a. The matter has been pursued by the Charging Team.
  - b. Legal advice has been sought from Communities, Law and Governance and external counsel.
  - c. Executors of the estate have been contacted & pursued.
6. From a review of the papers, it is clear that the Council was right to have supported this client financially in residential care, pending the sale of her main asset. However, it should have put a charge on the property at this time, to ensure recovery of funds. This is now standard procedure and a review of the operation of this, to monitor compliance, is underway.

### *Commentary*

7. The Client was a resident at The Elms 1997-2001. The debt outstanding is for unpaid client accommodation charges. Mrs X placed herself in Elms prior to 1997. When her funds became exhausted LBS became responsible. A financial assessment revealed she was a property owner and would become a 'full cost' client. At this time there was no legal process for '*deferred payments*' so interim funding was agreed until the sale of the property.

8. The property was sold in December 1997 and the solicitors dealing advised the LBS rating office. However Social Services was not aware of the house sale until a review picked up on this in 2001.
9. There was correspondence between LBS and The Elms after Mrs X's death in 2001. It appears that the proceeds from Mrs X's estate were passed to her sister. What is unclear is whether the proceeds from the property were available at the time. Further letters to the sister were sent. Barclays (the executors) were also written to regarding the proceeds of the sale of the property. A visit was made to Elms in November 2005 to investigate the files.
10. Advice was obtained on the possibility of recovery of the fees from the family or Barclays Bank, but the conclusion was that there was insufficient evidence to bring a successful action.
11. All reasonable efforts have been taken to recover this debt which is now considered to be absolutely irrecoverable due to a combination of factors.
12. On reflection it is apparent that system weaknesses did exist at the time but since then new and more robust operating procedures have been put in place.

### ***Resource implications***

13. The total debt recommended for write off is £58,348.20 relating to a debt arising from Residential care provided between 1997 and 2001.
14. The debt will be contained within the Health and Community Services bad debt provision.
15. The debt is recommended for write-off, as it is considered irrecoverable.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### ***Legal Comments***

16. We agree that the sum should be written off as it is time-barred under the Limitation Act 1980.

### ***Finance Comments***

17. As per paragraph 4 to 6 above the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.
  - The debt is recommended for write-off because it is deemed irrecoverable.
  - The recommended write-off will be contained within the Council's relevant bad debt provision and as such will not impact on the revenue accounts adversely.

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
<i>Title of document(s)</i>	<i>Title of department / unit</i> <i>Address</i>	<i>Name</i> <i>Phone number</i>
<i>Abacus Debt System reports</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53746</i>
<i>Individual case file</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53746</i>
<i>Barclays Bank (executors) correspondence</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53746</i>
<i>Legal correspondence</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53746</i>
<i>Appointee correspondence</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53746</i>
<i>Legal Counsel's Report</i>	<i>Central Finance Team</i>	<i>C/of Derrick Bennett ext 53750</i>

#### **Audit Trail**

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<b>Version</b>	<i>FINAL2</i>	
<b>Dated</b>	<i>08/07/09</i>	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law and Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Date final report sent to Constitutional Support Services</b>		080709