

## IRRAL COUNCIL

### CABINET

16 JANUARY 2014

<b>SUBJECT</b>	<b>DEBT WRITE-OFFS (ADULT SOCIAL SERVICES AND HOUSING BENEFITS)</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>COUNCILLOR PHIL DAVIES</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends the writing off of £318,443.50 in outstanding Adult Social Services (DASS) client contributions, £66,460.57 in miscellaneous DASS debt (total £384,904.07) and £161,029.94 in outstanding overpayments of Housing Benefit.
- 1.2 This is part of the process of cleansing the long outstanding DASS debt identified in the Independent Report considered by 23 May 2013 Cabinet.

### 2.0 RECOMMENDATIONS

- 2.1 That the report be noted.
- 2.2 That the debts be written off as detailed in the report.

### 3.0 BACKGROUND AND KEY ISSUES

- 3.1 The total historical DASS debt processed by the Collection and Recovery Team within the Personal Finance Unit so far amounts to £2,883,778.87 and links to the overall work being undertaken with regard debts held on the authority's Accounts Receivable system.

Processed debt since 04.02.13	£
Submitted for write off	1,889,854.49
Paid In Full	457,748.03
Part Paid	387,699.41
Instalments arranged	70,871.69
Cancelled Debt	77,605.25
TOTAL	2,883,778.87

- 3.2 Progress on the historical DASS debt continues to be monitored in order to establish the optimum structure for a permanent recovery team and the most effective ways of both billing and collection to ensure maximised income of the client service area in the case Adult Social Services.

- 3.3 Write-off values are summarised below and a breakdown of cases over £5,000 and their reasons for write off is attached at Appendix A for Personal Finance Unit and Appendix B for other Adult Social Service Debts:

#### **Personal Finance Unit**

##### **Under £1000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	26	17,007.86
Write off statute barred	46	15,711.58
Write off - deceased	26	18,101.74
<b>Total</b>	<b>98</b>	<b>50,821.18</b>

##### **Over £1000 but under £5000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	14	31,536.71
Write off statute barred	16	32,978.33
Write off - deceased	7	16,264.19
	<b>37</b>	<b>80,779.23</b>

##### **Outstanding client contribution debts over £5000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	6	43,891.00
Write off statute barred	4	50,097.31
Write off - deceased	5	92,854.78
	<b>15</b>	<b>186,843.09</b>

##### **Personal Finance unit (total)**

<b>Write off amounts</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Over £5000.00	15	186,843.09
Over £1000.00	37	80,779.23
Under £1000.00	98	50,821.18
<b>Total</b>	<b>150</b>	<b>318,443.50</b>

#### **Adult Social Services debts (non Personal Finance Unit)**

##### **Outstanding miscellaneous DASS Debts over £5000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off statute barred	2	66,460.57
<b>Total</b>	<b>2</b>	<b>66,460.57</b>

- 3.4. The total outstanding Housing Benefit (HB) debt at the beginning of this financial year was £8,218,025. During the first quarter an additional £756,533 was raised in overpayments resulting from changes in claimants circumstances. Of this 66.71% was recovered and recovery continues on these debts. The debts requiring approval for write off are aged debts or debts with no prospect of recovery. The debts were identified as being appropriate for write off during the period 16 April 2012 to August 2013.

- 3.5. The HB write offs are in respect of individual debts in excess of £1,000. Where there is ongoing entitlement to HB, any overpayments are recovered from those weekly payments. Where there is no current entitlement an invoice is raised and the debt then goes through the recovery process, the final stage being referral to the debt collection agency.
- 3.6. HB write-off values are summarised below. A breakdown of cases and the reasons for write off is attached at Appendix C.

#### **Under £2,000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	27	38,495.76
Write off statute barred	19	27,404.56
<b>Total</b>	<b>46</b>	<b>65,900.32</b>

#### **Over £2,000 but under £5,000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	6	18,406.49
Write off statute barred	13	37,979.91
<b>Total</b>	<b>19</b>	<b>56,386.40</b>

#### **Over £5,000**

<b>Write off description</b>	<b>Number of cases</b>	<b>Value (£'s)</b>
Write off - irrecoverable	2	14,322.53
Write off statute barred	4	24,420.69
<b>Total</b>	<b>6</b>	<b>38,743.22</b>

## **4.0 RELEVANT RISKS**

- 4.1 If debts are not written off they have the potential to inflate what might be thought collectable.

## **5.0 OTHER OPTIONS CONSIDERED**

- 5.1 The Collection and Recovery Team has already endeavoured to recover the detailed DASS debts without success.

## **6.0 CONSULTATION**

- 6.1 Relevant officers of the Council have been consulted in preparing this report.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 7.1 There are none arising directly from this report.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 8.1 Following the report to Cabinet (23 May 2013 Minute 248) staffing resources within the Personal Finance Unit have been increased in order to improve income recovery for DASS debts.

- 8.2 Both DASS and HB debts written off as irrecoverable are charged against the Council provision for bad debts which is reviewed annually in accordance with the requirements of accounting practice. As detailed in the revenue out-turn report the provision at 31 March 2013 was £10.9 million which compares to the £7.6 million at 31 March 2012. Prior to submission to Members all write offs are agreed by the S151 Officer for the authority.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 Those debts recommended for write-off have been agreed by the Head of Legal and Member Services.

## **10.0 EQUALITIES IMPLICATIONS**

- 10.1 There are none arising directly from this report.

## **11.0 CARBON REDUCTION IMPLICATIONS**

- 11.1 There are none arising directly from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are none arising directly from this report.

## **13.0 REASON FOR RECOMMENDATIONS**

- 13.1 Members are aware of the collection activity undertaken in these areas and that sums written off are approved either under delegation or by Cabinet.

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## **APPENDICES**

Three appendices of write off cases

## **SUBJECT HISTORY**

<b>Council Meeting</b>	<b>Date</b>
Cabinet - Collection Summary 2009/10	24 June 2010
Cabinet - Collection Summary 2010/11	24 June 2011
Cabinet - Collection Summary 2011/12	21 June 2012

## APPENDIX A

### ADULT SOCIAL SERVICES CLIENT CONTRIBUTIONS & MISCELLANEOUS DEBTS WRITE OFFS OVER £5,000

Debt Outstanding	Reason for Write Off	Case Number
£56,435.78	Deceased – no monies in estate	1
£21,540.57	Statute Barred	2
£14,898.33	Deceased – no monies in estate	3
£11,406.93	Statute Barred	4
£10,696.89	Statute Barred	5
£8,914.02	Irrecoverable	6
£8,867.76	Deceased – no monies in estate	7
£7,766.53	Irrecoverable	8
£7,718.98	Irrecoverable	9
£7,215.74	Deceased – no monies in estate	10
£7,204.74	Irrecoverable	11
£6,524.37	Irrecoverable	12
£6,452.92	Statute Barred	13
£5,762.36	Irrecoverable	14
£5,437.17	Deceased – no monies in estate	15

Case Number	Further Details
1	Property was sold in 2007 for £135,000.00. There was no mortgage outstanding and the LA was not informed property had been sold. It was not possible to place a charge on the property due 'Tenants in Common' arrangement. No evidence that client's son had Power of Attorney Legal Services advised not to pursue him. No monies left in estate.
2	This debt amounting to £21,540.57 was in respect of support at home and residential/ nursing care between 21.6.05 and 20.8.07. The debt is now Statute Barred.
3	Client has been deceased almost 6 years. Attempts to contact the exor, who has previously declared himself bankrupt, have failed. No prospect of recovery.
4	This debt amounting to £11,406.93, raised on 12.10.2005, was in respect of residential/ nursing care. The LA failed to secure a charge against the property/ failed to properly pursue the debt, resulting in the estate being dispersed without repayment of the debt, which is now Statute Barred.
5	This debt amounts to £10,696.89 and was in respect of residential/ nursing care. The LA was unable to secure a charge

against the property so were unable to pursue the debt, resulting in the estate being dispersed without repayment of the debt, which is now Statute Barred.

- 6 A number of administrative errors occurred in the handling of this case and a 3 year delay in issuing final account. Family refusing to pay – write off suggested.
- 7 The executor of the estate has left Wirral owing almost £5k in unpaid Council Tax – his whereabouts are unknown.
- 8 Probate search reveals no estate therefore nobody to pursue for debt.
- 9 Final account completed 2 years after service end date. Invoices and final account sent to incorrect address so client not properly billed for service.
- 10 No estate, passported benefits, there was a property but this was sold in 2010 and no evidence of what happened to the proceeds. No-one to pursue for debt.
- 11 LA now the appointee but with no funds available with which to reduce/clear the debt.
- 12 Deceased, no estate, no-one to pursue for debt.
- 13 This debt amounting to £6,452.92 was in respect of residential/ nursing care and accrued between 28.5.07 and 19.9.07. The LA failed to properly pursue the debt and when the client dies there was insufficient money in the estate to repay it. The debt is now Statute Barred.
- 14 Final account sent out 2.5 years after service ended, and 3 months after client died. No one to pursue for debt due to delay.
- 15 No probate, no-one to pursue for debt.

## APPENDIX B

### ADULT SOCIAL SERVICES MISCELLANEOUS DEBTS WRITE OFFS OVER £5,000

#### WRITE OFF DEBTS OVER £5000

Debt	Write Off reason	Case Number
Outstanding		
£56,090.69	Statute Barred	1
£10,369.88	Statute Barred	2

Case Number	Further Details
1	This debt amounting to £56,090.69 was raised on 28.2.2007 and was in respect of an overpayment made for a client to a care provider, from 8.4.2002 to 4.6.2006. The debt is Statute Barred and unlikely to be recovered in the opinion of legal advisors.
2	This debt amounting to £10,369.88 was raised on 2.3.2007 and was in respect of an incorrectly paid invoice. The invoice should have been paid to 'company A', but was incorrectly paid to 'company B'. The debt is Statute Barred and unlikely to be recovered in the opinion of legal advisors.

## APPENDIX C

### HOUSING BENEFITS OVERPAYMENT WRITE OFFS OVER £1,000

Case Number	Debt outstanding £	Further details
1	1,158.30	Period of overpayment :- 4/1/10 to 11/6/12 .Incorrect income used in error. Claimant could not reasonably be expected to know they were being overpaid.
2	1,873.56	Period of overpayment :- 6/4/98 to 18/3/01 .Income support ceased following husband's death. Claimant 84 and has Alzheimers.
3	1,051.56	Period of overpayment :- 22/12/08 to 14/11/10 .Claimant declared bankrupt.
4	1,328.24	Period of overpayment :- 6/4/98 to 23/4/06 . Overpayment due to a change in claimant's income. Unreasonable delay in instigating recovery process.
5	1,648.24	Period of overpayment :- 4/11/02 to 24/10/04 .Claimant was not living at the property but continued to receive housing benefit. Unable to trace – statute barred.
6	3,250.86	Period of overpayment :- 9/7/01 to 19/6/05 .Overpayment due to a change in claimant's income. £988 of original overpayment recovered –statute barred.
7	1,914.75	Period of overpayment :- 23/11/09 to 25/07/11 . Incorrect income used in error. Claimant could not reasonably be expected to know they were being overpaid.
8	1,045.35	Period of overpayment :- 4/8/08 to 30/4/12 .Incorrect premium used in error. Claimant could not reasonably be expected to know they were being overpaid.
9	8,174.28	Period of overpayment :- 6/2/06 to 24/03/12 .Claimant awarded council tax benefit when not liable. The liable person was the daughter who was resident. The claimant is deceased.
10	1,325.82	Period of overpayment :- 2/8/10 to 23/4/12 .Non dependant adult left the property and so local housing allowance rate decreased. Claimant could not reasonably be expected to know they were being overpaid.
11	1,425.72	Period of overpayment :- 6/3/00 to 4/3/01 . Claimed while working .Claimant now deceased.
12	1,334.23	Period of overpayment :- 29/11/10 to 16/4/12 .Claimant failed to advise his daughter had moved out .Claimant is vulnerable and previously lived in supported accommodation.
13	1,840.05	Period of overpayment :- 12/9/11 to 19/3/12 . Claimant (full time student) paid in error. Claimant could not reasonably be expected to know they were being overpaid.
14	1,521.00	Period of overpayment :- 24/12/07 to 30/6/08 . Income support ceased .Claimant granted Debt Relief Order.
15	1,585.60	Period of overpayment :- 14/9/09 to 13/6/10 . Overpayment due to changes in household. Claimant granted Debt Relief Order.
16	1,282.68	Period of overpayment :- 7/2/00 to 12/11/00 . Referred to Debt collection Agency –unsuccessful. Statute barred.
17	1,474.65	Period of overpayment :- 6/9/04 to 1/1/06 .Referred to Debt collection Agency – unsuccessful. Debtor absconded.
18	1,322.95	Period of overpayment :- 28/6/04 to 21/5/04 . Referred to Debt collection Agency – unsuccessful. Statute barred.
19	1,250.45	Period of overpayment :- 28/1/02 to 21/7/02 . Referred to Debt collection Agency – unsuccessful. Statute barred.



20	1,819.47	Period of overpayment :- 20/12/00 to 17/6/09 .Overpayment due to breaks in claim when working. Claimant was in a fire and subsequent coma and is now a patient in Bury with multiple health problems.
21	1,291.72	Period of overpayment :- 1/3/11 to 13/6/11 . Overpayment due to vacation .Used discretion to write off on appeal.
22	1,285.50	Period of overpayment :- 10/8/09 to 9/7/12 . Incorrect assessment of household. Claimant could not reasonably be expected to know they were being overpaid.
23	1,924.93	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred.
24	2,888.71	Period of overpayment :- 15/03/99 to 30/07/00 .Unreasonable delay in recovery - statute barred.
25	1,266.84	Period of overpayment :- 4/4/05 to 4/5/07 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
26	1,237.45	Period of overpayment :- 6/8/98 to 7/2/99 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
27	8,339.26	Period of overpayment :- 8/2/99 to 25/3/07 . Overpayment due to income support ending – attempts to recover unsuccessful – statute barred.
28	2,586.12	Period of overpayment :- 14/4/03 to 21/12/03. Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
29	1,852.23	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred.
30	1,920.26	Period of overpayment :- 27/1/03 to 20/7/03 .Overpayment due to changes in income –attempts to recover unsuccessful - statute barred.
31	1,359.75	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred.
32	1,944.35	Period of overpayment :- 24/5/10 to 2/4/12 . Overpayment due to changes in state pensions. Claimant bankrupt.
33	3,843.96	Period of overpayment :- 11/6/12 to 25/2/13 . Children placed into foster care. Claimant could not reasonably be expected to know she was being overpaid.
34	1,355.40	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred
35	1,031.56	Period of overpayment :- 8/5/06 to 8/7/07 . Overpayment due to changes in income – insufficient evidence to pursue via Legal Services.
36	1,126.97	Period of overpayment :- 25/7/11 to 16/7/12 . Failed to notify of change in household resulting in overpayment. Vulnerable family – discretion used not to recover.
37	5,004.58	Period of overpayment :- 11/12/95 to 19/3/00 . Debt carried over from old system – statute barred.
38	3,103.56	Period of overpayment :- 1/4/05 to 11/7/11 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
39	3,277.32	Period of overpayment :- 8/11/04 to 7/5/06 .Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
40	1,988.52	Period of overpayment :- 17/10/05 to 7/5/07 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
41	1,130.00	Period of overpayment :- 31/3/08 to 9/6/08 .Claimant imprisoned –long

		term sentence – no prospect of recovery.
42	2,033.60	Period of overpayment :- 2/5/05 to 15/1/06 . Claimant bankrupt.
43	2,097.53	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred
44	1,471.18	Period of overpayment :- 9/7/12 to 5/11/12 . Overpayment due to temporary absence being exceeded. Claimant has mental health issues –discretion used not to recover.
45	1,448.92	Period of overpayment :- 30/4/12 to 1/10/12 . Claimant's stay in nursing home made permanent .Claimant has dementia – discretion used not to recover.
46	1,788.10	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 – statute barred
47	1,120.95	Period of overpayment :- 28/1/02 to 23/6/02 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
48	5,460.00	Period of overpayment :- 25/1/99 to 10/6/01 . Unreasonable delay in instigating recovery process – statute barred.
49	1,144.00	Period of overpayment :- 29/5/00 to 29/9/02 . Unreasonable delay in instigating recovery process – statute barred.
50	2,028.00	Period of overpayment :- 14/1/02 to 2/3/03 .Unreasonable delay in instigating recovery process – statute barred.
51	4,352.75	Period of overpayment :- 11/8/03 to 4/7/04 . Unreasonable delay in instigating recovery process – statute barred.
52	1,379.00	Period of overpayment :- 21/11/11 to 20/2/12 . Claimant deceased – no details of Executors.
53	2,960.75	Period of overpayment :- 24/5/99 to 1/4/01 .Change in non dependant's income - attempts to recover unsuccessful – statute barred.
54	3,928.23	Period of overpayment :- 26/9/11 to 3/9/12 .Claimant moved permanently into residential care - discretion used not to recover.
55	2,000.00	Period of overpayment :- 26/11/96 to 11/7/99 . £9,182 of original overpayment recovered – remainder statute barred.
56	1,010.20	Period of overpayment :- 26/3/12 to 1/10/02 .Incorrect income declared at start of claim – Claimant recently widowed and had not claimed before - discretion used not to recover.
57	1,218.42	Period of overpayment :- 23/7/07 to 5/11/07. Claimant moved permanently into residential care – since deceased- no estate.
58	2,691.13	Period of overpayment :- 16/1/07 to 20/8/07 . Claimant did not occupy. HB paid to landlord –landlord bankrupt.
59	2,903.19	Period of overpayment :- 8/1/07 to 24/10/11 . Overpayment due to change in circumstances - attempts to recover – unsuccessful.
60	1,827.12	Period of overpayment :- 1/10/07 to 26/1/09 . Overpayment due to change in circumstances –unreasonable delay in instigating recovery action.
61	1,598.62	Period of overpayment :- 7/7/08 to 10/11/08 . Overpayment due to change in circumstances –unreasonable delay in instigating recovery action.
62	3,006.38	Period of overpayment :- 7/5/07 to 11/7/11 . Overpayment due to change in circumstances – uneconomical to recover.
63	6,148.25	Period of overpayment :- 24/5/04 to 25/2/08 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
64	3,946.57	Period of overpayment :- not known - debt carried over from old system so raised prior to 2006 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.

65	1,080.00	Period of overpayment :- 14/4/08 to 7/7/08 . Overpayment due to change in circumstances –unreasonable delay in instigating recovery action.
66	1,035.60	Period of overpayment :- 28/3/05 to 23/10/05 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
67	1,460.07	Period of overpayment :- 3/8/09 to 30/11/09 .Unable to recover – insolvency order.
68	3,230.85	Period of overpayment :- 13/11/06 to 16/7/07 . HB paid to landlord – unable to trace.
69	1,400.00	Period of overpayment :- 4/4/05 to 4/12/05 . Overpayment due to change in circumstances – unreasonable delay in instigating recovery action –statute barred.
70	5,616.85	Period of overpayment :- 1/11/99 to 2/2/03 .Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.
71	2,256.90	Period of overpayment :- 31/7/06 to 23/4/07 . Overpayment due to changes in income – attempts to recover unsuccessful – statute barred.