

WIRRAL COUNCIL

CABINET

11 JULY 2013

SUBJECT	DASS WRITE-OFFS
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF RESOURCES
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends the writing off of £512, 573.73 in outstanding client contributions.
- 1.2 This is part of the process of cleansing the long outstanding DASS debt indentified in the Independent Report considered by 23rd May 2013 Cabinet.
- 1.3 The reasons for write-off demonstrate the need for radically improved procedures in DASS and the PFU to avoid similar problems in the future. This is the purpose of the DASS action plan approved by Cabinet on 23rd May 2013.

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 debt processed by the Collection and Recovery Team within the PFU so far amounts to £1,319,665.80

Table 1: Analysis of debt destination, including paid and write-off

Processed debt since 4.2.13	£1,319,665.80
Submitted for write off	£512,578.73
Awaiting submission for write off	£189,789.42
Paid In Full	£218,312.79
Part Paid	£315,770.37
Instalments arranged	£59,001.60
Cancelled Debt	£24,212.89
	£1,319,665.80

- 3.2 Progress on the historical debt will be monitored in order to establish the optimum structure for a permanent recovery team.
- 3.3 Temporary resource has now been recruited to enable telephone contact to be made with clients at the stage they first fall into arrears.
- 3.4 Write-off values are summarised below, and show that just under 84%, by value, are in the first Category, being No Trace, Irrecoverable, Statute Barred or Deceased. The category Department Advice includes predominantly cases

where the client's estate had been distributed before contact was made with recovery action. or there is insufficient proof of debt on file.

Table 2: Summary Total of three bands of cases by Number and Value

Write off description	Total Number of cases	Total % of cases	Total Value of cases (£'s)	Total % of cases (£'s)
<i>Category 1</i>				
No trace	3	1.0	754.20	0.1
Irrecoverable	140	47.5	261,112.67	50.9
Statute barred	16	5.4	25,116.92	4.9
Deceased	81	27.5	140,990.25	27.5
<i>Sub-total</i>	240	81.4	427,974.04	83.5
<i>Category 2</i>				
Department advice	49	16.6	63,765.99	12.4
Other	6	2.0	20,838.70	4.1
Total	295	100.0	512,578.73	100.0

- 3.5 The cases are now shown in three bands being under £1k; between £1k and £5k; and over £5k.

Table 3: Under £1000.00

Write off description	Number of cases	Value (£'s)
Write off – no trace	3	754.20
Write off - irrecoverable	90	35,640.77
Write off statute barred	8	2,605.05
Write off – dept advice	30	10,872.28
Write off - deceased	51	2 3,222.04
Write off - other	4	2,129.74
Total	186	75,224.08

Table 4: Over £1000.00 but under £5000.00

Write off description	Number of cases	Value (£'s)
Write off - irrecoverable	38	88,452.90
Write off statute barred	6	11,947.26
Write off – dept advice	17	35,510.13
Write off - deceased	22	52,506.90
Total	83	188,417.19

Table 5: Over £5000.00

Write off description	Number of cases	Value (£'s)
Write off - irrecoverable	12	137,019.00
Write off statute barred	2	10,564.61
Write off – dept advice	2	17,383.58
Write off - deceased	8	65,261.31
Write off - other	2	18,708.96
Total	26	248,937.46

Table 6: Total of all three bands

Write off amounts	Number of cases	Value (£'s)
Over £5000.00	26	248,937.46
Over £1000.00	83	188,417.19
Under £1000.00	186	75,224.08
Total	295	512,578.73

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 CART has already endeavoured to recover these 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 reports to Cabinet on 23 May 2013 staffing resources within the Social Services PFU Team are being increased in order to improve income recovery.

8.2 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.

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 REASONS FOR RECOMMENDATIONS

13.1 So Members are aware of the collection activity undertaken in these areas.

13.2 Sums written off are approved either under delegation or by Cabinet.

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APPENDICES

Appendix A

SUBJECT HISTORY

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

DASS CLIENT CONTRIBUTIONS

WRITE OFF OF DEBTS OVER £5,000

Debt	AR Write Off reason	Case Number
£35,822.08	Unrecoverable	1
£21,252.97	Unrecoverable	2
£15,044.54	Deceased no monies in account	3
£14,654.15	Unrecoverable	4
£12,504.47	Unrecoverable	5
£9,630.25	Not known	6
£9,342.58	Dept Advise	7
£9,078.71	Not known	8
£9,011.75	Deceased no monies in account	9
£8,574.93	Unrecoverable	10
£8,507.47	Deceased no monies in account	11
£8,041.00	Dept Advise	12
£7,939.75	Deceased, no monies in estate	13
£7,513.05	Unrecoverable	14
£7,227.44	Deceased, no monies in estate	15
£7,188.09	Unrecoverable	16
£6,807.52	Irrecoverable	17
£6,491.27	Deceased - no monies in estate	18
£6,393.53	Unrecoverable	19
£6,006.73	Unrecoverable	20
£5,743.90	Deceased, no monies in estate	21
£5,356.89	Statute Barred	22
£5,295.19	Deceased - no monies in estate	23
£5,269.96	Irrecoverable	24
£5,207.72	Statute Barred	25
£5,031.52	Unrecoverable	26

Case Number	Further Details
1	Past Representative of Client 1 has moved to Philippines and his current address is unknown. There is protracted correspondence on this case in which Past Representative of Client 1 advises he sold his mother's (the Client's) property and paid off all her debts with proceeds. The Council is now appointee for Client so the debt is not accruing. As we cannot trace Past Representative of Client there is little prospect of recovery. This is also the advice from Legal Services
2	No estate per probate search, final account sent to son who is Representative of Client 2, no trace of son at that address now, only other relative is daughter living in Turkey. No prospect of recovery.
3	Final account sent to son. Son not executor of estate, and advises in any case that the only asset is Client's home which Client 3's partner (widow) still lives in. Debt is from 2007. OPG search reveals no-one with Lasting Power of Attorney (LPA) or Enduring Power of Attorney (EPA) and even if there was, the estate would have been dispersed some years ago. No prospect of recovery.

- 4 Final account sent to daughter's last known address in Kensington, returned marked gone away. Enquiries to solicitor on case paper ascertained no estate to speak of. Case at a dead end.
- 5 Made bankrupt Feb 12. No funds to repay creditors
- 6 Recommended for write-off no information on file
- 7 Deceased - no monies in estate
- 8 Recommended for write-off no information on file
- 9 Evidence provided to show no funds in estate.
- 10 Son & DWP appointee was not paying care charges so Wirral Council took over appointeeship. Final account sent to address held for son in Sep 09 but occupier returned post saying he had lived there since Feb 09. Nursing Home report family as notoriously hard to contact. No prospect of recovery.
- 11 Evidence provided to show no funds in estate.
- 12 No monies; due to case management issues within PFU this debt was allowed to accrue. Former PFU manager paid visit to family to attempt to resolve.
- 13 Final account sent to incorrect address, executors not notified of debt and estate dispersed.
- 14 Client 14 was billed £63.95 per week for residential care based on her entitlement to Income Support, but her husband never claimed it for her. No prospect of recovery now.
- 15 Family represent that they were misinformed that care wasn't charged until £23k capital limit. Also no money left in estate.
- 16 No capital and on basic welfare benefits prior to Wirral Council becoming appointee in 2010. No next of kin. No prospect of recovery.
- 17 Recommended for write-off no information on file
- 18 No next of kin no-one has EPA/LPA, case at a dead end
- 19 Client 19 deceased 15.8.07, final account not issued until 23.4.08, addressed to deceased wife. Solicitors queried account June 2008, WBC took 3 months to respond to query then did not follow up. Debt close to statute barring, estate will have been distributed some years ago, little prospect of recovery.
- 20 Debt not pursued and Client 20 is now in long term residential care has no capital and only receives his personal allowance which cannot be used to pay instalments. No prospect of recovery.
- 21 Final account sent to deceased at nursing home 11 months after death. No prospect of recovery
- 22 Statute barred
- 23 Unable to pursue as advised by Legal Services. Letter on file from son to say no monies left to pay debt after funeral. Son does not hold any responsibility for payment as debt in mother's name.
- 24 Recommended for write-off no information on file
- 25 Statute barred
- 26 No next of kin known to address debt with. Next of kin vacated Wirral address and cannot be found.