

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Portfolio Holder Decision Making Session

**Date of Committee** 25<sup>th</sup> June 2010

**Report Title** Irrecoverable Debts

**Summary** This report seeks approval to write-off debts in relation to charges made for Adult Social Care services.

**For further information please contact:** Paul Walsh  
Finance Manager, Performance, Development and Income Control  
Tel: 01926 742243

**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** None.

**CONSULTATION ALREADY UNDERTAKEN:-** Details to be specified

- Other Committees  .....
- Local Member(s)  Not Applicable
- Other Elected Members  Councillor L Caborn, Councillor B Longden, Councillor T May, Councillor K Rolfe
- Cabinet Member  Councillor I Seccombe
- Chief Executive  .....
- Legal  Alison Hallworth, Adult and Community Team Leader
- Finance  Chris Norton, Strategic Finance Manager
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....

Police  .....

Other Bodies/Individuals  Janet Purcell, Executive and Member Support Manager

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Portfolio Holder Decision Making Session – 25 June 2010

### Irrecoverable Debts

#### Report of the Strategic Director of Adult, Health and Community Services

##### **Recommendation**

It is recommended that the committee agree for the 17 debts, accruing to £78,727.54 as detailed in Appendix A, are written off as irrecoverable.

#### **1. Introduction**

- 1.1 Warwickshire County Council are currently pursuing a number of outstanding debts and in the case of the 17 debtors listed at Appendix A it is uneconomical to pursue further. It is therefore proposed that these debts totalling £78,727.54 be written-off.
- 1.2 The cost of writing-off would be set against the provision for bad debts that the County Council sets aside each year and therefore has no impact on the budget.

#### **2. Summary**

- 2.1 Every endeavour is made to prevent debt arising. The County Council has issued Court proceedings where viable to recover outstanding monies and are involved in negotiations with customers and advise on agreements to pay by instalments. It is only as a last resort that a request for write-off is made.
- 2.2 Warwickshire County Council constantly review processes and procedures to ensure improvements are made wherever possible to keep debt levels to a minimum, however we have to accept there are circumstances whereby a debt becomes irrecoverable.
- 2.3 Income collected in 2009/10 looks favourably against the charges raised for the same period.

Charges raised for domiciliary services totalled £5.044m against income collected of £5.086m.

Charges for Residential accommodation totalled £17.136m against income collected of £17.037m.

These figures are made up of charges raised in 2009/10 and arrears collected for charges raised in previous years. These payments relate to circumstances whereby Probate is granted and executors are in a position to release funds. Often finding appointees, advocates and applications to the Office of the Public Guardian take time; therefore arrears accrue whilst these issues are being dealt with.

Often it is the case that when properties are sold the debt has accrued over many years and as a legal charge is placed against the property the debt to the Council is secured, so payment made in one financial year can relate to charges raised previously.

### **3. List of cases**

- 3.1 Mr A entered a Nursing Home in March 2006 and remained there until his death in March 2009. Arrears accrued from the beginning and an agreement was reached with Mr A's wife to pay these by instalments. Although attempts were made and regular payments were received, at the time of death a balance of £4,197.88 remained outstanding.

Confirmation was received that there was no estate and any remaining funds were put towards the cost of the funeral.

- 3.2 Mr B was admitted to a Residential Home in February 2007. It was obvious that Mr B was unable to manage his finances, and an Independent Agency assisted in explaining the situation and requirements.

Several letters were sent to Mr B requesting payment and offering a payment plan. Mr B died in June 2008. We were contacted by the son who informed us there were no funds to pay the balance outstanding of £4,767.14.

- 3.3 Mrs C went into Residential Care in October 1999. Invoices were sent to her daughter as appointee, however following concerns raised this was revoked and was later given to the other daughter. A payment agreement began with an additional amount being paid on top of the on-going charges.

Mrs C died in May 2002 and payments continued to be made towards the arrears. The daughter continued to make payments up until January 2008. Unfortunately she became ill which resulted in a change in her financial circumstances. She was not legally responsible for the debt and every attempt was made to contact her sister, however she did not respond to correspondence. Arrears of £6,230.51 remain outstanding.

- 3.4 Mr D was admitted to a Residential Home in December 2005 and remained there until he died in December 2006. He was responsible for dealing with his own finances and irregular payments were received. At the time of Mr D's death a balance of £2,314.82 remained outstanding.

- 3.5 Mrs E entered Residential Accommodation in January 2001 and payments were received on a regular basis.

This was an out of county placement and there was some confusion as to when Health were to take over funding. This resulted in a backdated invoice of £3,087.59 which was raised after Mrs E's death in May 2008. Contact was received from the granddaughter confirming the estate was distributed in October 2008.

- 3.6 Mrs F entered Residential Care in June 2005 and resided there until her death in February 2008.

Arrears accrued from the start of the placement and concerns raised over non-payment of charges. This led to a police investigation. Following this, responsibility of finances was given to Mrs F's granddaughter and regular payments were being made, including a further amount towards the arrears.

At the time of death there remained a balance outstanding of £7,089.75. Confirmation was received that there was no estate and no funds to clear the arrears.

- 3.7 Mrs G entered a Nursing Home in November 1999. Arrears accrued at which point the son became involved in assisting with finances. An agreement was reached to pay the on-going charges plus a further amount towards the arrears. Mrs G died in 2002 leaving accrued arrears of £2,756.38.

The son was executor of the estate; however he became ill and was unable to deal with the matter. In 2008 contact was received by Mrs G's other son to inform us of details of probate. It became apparent that Mrs G had left some money in a Trust fund for her 3<sup>rd</sup> son to pay for his care as he was registered disabled. As a result of this there were no further funds available to pay the arrears.

- 3.8 Mr H entered Residential accommodation in February 2007 until he died in December 2008. The son assisted with finances, however confirmation was received that he had no legal responsibility.

Payments were received on a regular basis; however the standing order was not amended following an increase in charges. Several attempts were made to contact the son. The Home confirmed that he no longer visited Mr H.

A search with the Probate Registry was carried out; however this came back stating no grant had been made. A balance of £2,977.49 remains outstanding.

- 3.9 Mrs I was admitted to a Nursing Home in July 2006. Her grandson was dealing with finances; however no attempt was made by him to disclose financial information which resulted in a full cost charge being applied.

Concerns were raised with the DWP and arrangements put into place for an assessment to be carried out and for benefits to be paid direct towards the charges and payments commenced.

Mrs I died in March 2009 leaving accrued arrears of £7,995.84.

Correspondence sent to the grandson was returned marked 'gone away'. A probate search was carried out which confirmed that no grant had been made.

- 3.10 Mrs J entered a Residential Home in March 2005 and resided there until she died in May 2009. Arrears accrued from the onset, and Mrs J's son was assisting with finances, however confirmation was received that he was not legally responsible.

Mrs J had many debts at the time of her placement and her son used benefits to pay these off. Mrs J's son was visited to discuss the account; however he was in a very unstable state of mind and was well known by the Mental Health Team. He did agree to make payments of the weekly amount, and although payments were received they were irregular. Her son became very depressed making it difficult to place demands on him to make payment, because of the consequences this may have.

Following on-going discussion with the Mental Health Team and the son, an agreement was eventually reached for an Independent Agency to take over legal responsibility of finances. Payments were made up to Mrs J's death leaving accrued arrears of £9,823.38.

- 3.11 Mrs K entered a Residential Home in May 2004. A debt accrued whilst her daughter was dealing with the finances on an informal basis. Concerns of financial abuse were raised as it became apparent that Mrs K's account was being accessed by the daughter but payments were not forthcoming.

Another family member became involved in assisting with finances and a separate account was set up from June 2005. However the responsibility of the arrears of £4,924.31 remained Mrs K's and the onus was on her to report the matter to the Police. Mrs K is still resident at the Home and payments for the on-going charges are being received.

- 3.12 Mrs L entered a Residential Home in August 2006 and remained there until she died in March 2009. A referral was made to an Independent Agency shortly after the placement commenced as no financial details were received. The account was reassessed and payments from when the Agency took over commenced, however there were arrears of £3,405.10.

A firm of Solicitors contacted us following the death of Mrs L stating another family member may be dealing with any estate. Contact was made with the son, however he confirmed there was no estate and he had never been involved with dealing with the finances. Any monies were used to pay for funeral expenses, and a copy of the invoice was provided to substantiate this.

- 3.13 Mr M receives a Home Care package and has done since April 2002. There was an on-going dispute around the hours of care received and arrears in excess of £14,000 accrued. A formal complaint was lodged and investigated.

Discussions took place with Mr M to resolve the issue which resulted in a settlement agreement allowing Mr M to pay £10,000 and leave the disputed

£4,438.45 outstanding. Payment of this amount and subsequent charges have been made and the actual hours received prior to December 2007 have been difficult to prove and therefore uneconomical to pursue any further.

- 3.14 Mrs N received a Home Care package from April 2002. The client had difficulty in keeping up with the weekly charges and payments and erratic payments were received over a long period of time. The majority of payments did not cover either the weekly charges so the arrears increased over time.

The Team were involved and offers from Finance to assist in dealing with the matter, however these were refused. An Independent Agency also offered assistance but this was declined. Mrs N continually informed the Directorate that she could not afford to pay. Mrs N has no property or savings and eventually cancelled her care in July 2007 leaving accrued arrears of £5,786.08.

- 3.15 Mrs O continues to receive a Home Care package, however disputed arrears of £2,551.84. She became very confused as her original package of care was delivered in the way of a Direct Payment, however this was changed and she became extremely agitated once she was informed of her contribution to the weekly charge.

Mrs O has proved to be a very difficult person and following many phone calls and visits to discuss the situation she finally agreed to commence payment of charges, but not towards the arrears stating the Directorate had given her incorrect information. She will not allow anyone to assist her with her finances. On-going charges are paid on receipt of every statement however she adamantly refuses to pay any arrears and has threatened to stop payments altogether if we continue to pursue the arrears.

- 3.16 Mr P received a Home Care package from April 2002 until he died in November 2008.

Several letters were sent to Mr P regarding payment of charges, however he did not respond. Mr P was very unwell, lived alone and dealt with his own finances. He was originally assessed as not having the ability to pay the charges, however this changed in October 2004 when his allowance for his wheelchair ended and a contribution was identified.

Mr P had objected to this, but eventually agreed to meet to discuss his situation. An income and expenditure form was completed and based on this an agreement to commence payments weekly was reached.

At the time of death an amount of £2,720.00 remained outstanding. Confirmation was received from a friend that there was no estate and no money, which we were already aware of.

- 3.17 An invoice was raised for the sum of £3,660.98 to Mrs Q for overpayment of holiday pay. No response was received to correspondence sent, and an enquiry agent was instructed to attempt to find the whereabouts of the debtor. Confirmation was received from UK Tracer that they were unable to trace her.

JOHN BOLTON  
Interim Director of Adult, Health  
and Community Services

Shire Hall  
Warwick

May 2010



| Debts for Portfolio Holder Decision Making Session - 25 June 2010 from Adult, Health & Community Services |        |                                    |                     |          |                      |
|---|--------|------------------------------------|---------------------|----------|----------------------|
|   | Person | Debt Details                       | Period              | £        | Account No/Legal Ref |
| (deceased)  | Mr A   | Bentley House Nursing Home         | 24/03/06 - 12/03/09 | 4,197.88 | 112743               |
| (deceased)  | Mr B   | Avon Court & Meadow View           | 20/02/07 - 12/02/08 | 4,767.14 | 93529576             |
| (deceased)  | Mrs C  | Old Rectory & Richmond Health Care | 21/10/99 - 23/05/02 | 6,230.51 | 897262               |
| (deceased)  | Mr D   | Orchard Blythe                     | 07/12/05 - 11/12/06 | 2,314.82 | 110175               |
| (deceased)  | Mrs E  | Abotsfield Hall                    | 17/01/01 - 01/05/08 | 3,087.59 | 366119               |
| (deceased)  | Mrs F  | Linden Lodge                       | 03/06/05 - 29/02/08 | 7,089.75 | 114703               |
| (deceased)  | Mrs G  | Elder Homes North                  | 18/11/99 - 11/05/02 | 2,756.38 | 184970               |
| (deceased)  | Mr H   | The Knolls                         | 05/02/07 - 27/12/08 | 2,977.49 | 107538               |
| (deceased)  | Mrs I  | Haven Nursing Home                 | 04/07/06 - 20/03/09 | 7,995.84 | 801242               |
| (deceased)  | Mrs J  | Seddlescombe Park and Willow Tree  | 23/03/05 - 31/05/09 | 9,823.38 | 306246               |
|   | Mrs K  | Park View                          | 27/05/04 - 04/06/05 | 4,924.31 | 91120039             |
| (deceased)  | Mrs L  | Mayfield                           | 29/08/06 - 15/03/09 | 3,405.10 | 204293               |
|   | Mr M   | Home Care                          | 08/04/02 - present  | 4,438.45 | 40005768A            |
|   | Mrs N  | Home Care                          | 02/04/02 - 01/07/07 | 5,786.08 | P3807                |
|   | Mrs O  | Home Care                          | 08/04/02 - present  | 2,551.84 | P74334               |
| (deceased)  | Mr P   | Home Care                          | 08/04/02 - 30/11/08 | 2,720.00 | 20005237             |
|   | Mrs Q  | Overpayment of Holiday Pay         |                     | 3,660.98 | 179114               |