

**Proposed Decision to be taken by the  
Portfolio Holder for Health  
on or after 18 December 2015**

**Write off of Irrecoverable Debts**

**Recommendation**

That the 4 debts detailed in this report, accruing to £80,932.54 for debts spanning 2009 to 2012 are written-off as irrecoverable.

**1.0 Key Issues**

- 1.1 The Council uses all reasonable means to maximise income collection, prevent arrears arising, and manage outstanding debt effectively. For debts with health, these are usually arising from Continuing Health Care (CHC) determinations, and relate to periods where the council paid for an individual's care whilst eligible for CHC.
- 1.2 Eligibility for CHC is determined through a process of assessment and ratification panel which has both social care and health membership. This can be a long process and significant costs can be incurred whilst decisions are being made. All costs after day 29 can be recharged where it is found the other organisation is responsible for the costs.
- 1.3 The Council pursues all debts relating to those the Council was paying for, who are then found to be CHC eligible. These are followed up by care managers from Social Care and Support, as well as finance staff in Benefits, Assessments and Income Control. Where there is difficulty in recovering such debts, this is escalated to Heads of Service for Social Care and Support and Finance to address with health colleagues.
- 1.4 The Council is currently pursuing a number of outstanding debts and in the case of the 4 debts listed in this report there is no basis to pursue these. It is therefore proposed that these debts totalling £80,932.54 are written-off. The Portfolio Holder may approve the write-off of individual debts between £2,000 and £50,000.

1.5 The cost of writing-off would be set against the provision for bad debts that the County Council sets aside each year. The social care dab debt provision at the end of 2014/15 stood at £266,400.

## **2.0 Debts recommended for write-off**

2.1 Primary Care Trusts were abolished on 31 March 2013. At the time they were abolished, there were a number of cases where the eligibility to CHC had only recently been determined. These were cases which either health or social care had been paying for in lieu of a decision.

2.2 Warwickshire Primary Care Trust (PCT) was replaced by three Clinical Commissioning Groups – Coventry and Rugby, Warwickshire North and South Warwickshire. The speed of this transfer meant that there was a very tight deadline to agree and settle outstanding debts in the Warwickshire PCTs final set of accounts, before accountability was split across the different groups.

2.3 In order to do this the Council worked to settle as many outstanding debts as was possible before the 31<sup>st</sup> March 2013.

2.4 As at that date, there were still a number of outstanding cases on both sides, i.e. debts to the Council from health and debts to health from the Council. Therefore the Council negotiated with the PCT / CCG staff to try and reach a settlement on the debts which were outstanding on both sides.

2.5 This led to a schedule of 49 cases were agreed for settlement, with the Council agreeing to pay the PCT £123,789.72, and the PCT agreeing to pay the Council £1,165,957.00. This agreement was after significant negotiation and represented a good settlement for the Council, maximising the income for as many debts as possible.

2.6 The terms of the settlement were that:

- That any amounts due back to customers in respect of client charges that should not have been paid are given back to customers by WCC.
- That any remaining balance is preferably spent on social care services that benefit health, along the same lines as the winter resilience and social care transfer monies. I.e. spending to facilitate hospital discharge and avoid hospital admissions, etc. Specific spending would be subject to agreement with the respective CCGs but ultimately under the unilateral control of WCC,

i.e. not subject to contract and not subject to a Section 256 grant arrangement.

- That WCC cease any further pro-active review of the retrospective 29 day historic cases where eligibility decisions have already been made and do not pursue any further newly identified debts in respect of them.
- That any CHC cases which are still pending a CHC decision on eligibility that fall under the 29 day rule are not covered by this agreement.
- That if any individual customer raises a new retrospective issue on an eligibility decision which has already been made then the respective CCGs and WCC would look at that issue individually and make good however is appropriate, e.g. the CCGs would pay WCC and WCC would reimburse the customer if appropriate.
- That the payment is made in respect of the spreadsheet schedule attached but the payment is made for pragmatic purposes and is not an admission of liability.

2.7 Subsequent to this agreement 4 cases which had not been included in the 2013 settlement were invoiced for. These totalled £80,932.52 and were raised to Warwickshire North Clinical Commissioning Group. They were all for residential or residential nursing care placement and breakdown as follows:

Ms W - £16,104.98 (March 2011 to March 2012) – debt raised 03/06/2014

Ms X - £15,005.07 (November 2011 to July 2012) – debt raised 21/11/2013

Ms Y - £28,688.18 (June 2009 to October 2010) – debt raised 13/05/2014

Ms Z - £21,134.31 (July 2011 to June 2012) – debt raised 10/04/2014

2.8 In the case of the 4 debts in question, confirmation has been received that CHC eligibility was decided before April 2013, and therefore they should not have been raised under the terms of the agreement. The Clinical Commissioning Group has challenged them on that basis.

2.9 As this debt would be valid if the settlement had not been reached on the much larger set of debts, it must be written off, rather than cancelled.

## **Background papers**

None

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