
Secure Healthcare

Document Information

To update the committee on the outcome of the liquidation process for Secure Healthcare

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Liquidation of Secure Healthcare

1. Background

- 1.1. Secure Healthcare Limited (SHL) was a not for profit organisation set up to provide NHS funded care for prisoners. Their first contract funded by Wandsworth PCT to provide healthcare for prisoners in Wandsworth Prison was valued at over £5m.
- 1.2. The Trust held a contract with SHL to provide mental health services to the prison. In 2008/9 the annual contract to the Trust was £1.172m..
- 1.3. On 7 August 2009 the Trust's present Chief executive wrote to the Chief Executive Officer of SHL expressing increasing concerns regarding the value of the contract, governance issues and contractual issues including sporadic payment of Trust invoices.
- 1.4. SHL went into voluntary liquidation in September 2009. SHL outstanding debts were estimated at £1.6m of which the Trust had a claim of £520k.
- 1.5. Representatives of Begbies Traynor were appointed as joint liquidators of SHL on 28 September 2009.
- 1.6. The Audit Committee received an audit report on 15 January 2010 following a request to carry out an urgent review of the circumstances and management of the Trust's financial agreement with Secure Healthcare. Recommendations in that report have been auctioned by the Trust.
- 1.7. The liquidators have kept the SHL creditors informed of their progress on a regular basis and following their estimation that there would be very small amount of assets liquidated and none available for unsecured creditors, of which the Trust is one, the Audit Committee agreed to write off the outstanding debt at its' meeting in September 2010..

2. Outcome of the Liquidators

- 2.1. The liquidators wrote to the Trust on 19 January 2011 with their conclusions on the winding up of the company's affairs. Their correspondence is attached to this report for information
- 2.2. The report confirmed that there is insufficient funds to pay any dividend to unsecured creditors. As the Trust was one of the unsecured creditors that report has confirmed that the Trust will not receive any payment towards the £520k debt with SHL.
- 2.3. In paragraph 4 of the report, it states that the liquidator was required to consider conduct of the company's directors and make an appropriate submission to the Department for Business, Innovation and Skill and had discharged their duties. However, on seeking further clarification on that point, Begbies Traynor have now confirmed that there was an error in paragraph 4 and that as the company is an Industrial & Providence Society, it is not governed by the Companies act 1985 but the Industrial & Providence Society Act 1965 and therefore the report normally issued to the DBIS was not required.

3. Recommendation

- 2.1 That the audit committee note the report