

**Report of Head of Finance**

**Report to Director of Environment and Housing**

**Date: January 2015**

**Subject: Write Off of Sundry Income Debts**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<p>This report, at Appendix 1, contains confidential information under Access to Information Procedure Rule 10.4(3) in that it contains information relating to the financial affairs of individual(s). It is considered in these circumstances that the public interest in maintaining the exemption from publication outweighs the public interest in disclosing the information.</p>		

**Summary of main issues**

On a regular basis the Sundry Income Enforcement Team recommends approval to write off Sundry Debts for various services. These include Environmental Services, Recharges to Tenants for damage to property, Garage Sites, Leasehold Service Charges, Right to Buy Discounts and Travellers, where they have exhausted all potential routes for recovering the outstanding amounts.

A total of 46 accounts with a value of £25,648.12 have been referred for write off by the Sundry Income Enforcement Team. These accounts have been subject to the standard recovery procedures and it has been determined that the debts are irrecoverable.

One of these accounts totals £8,957.33 and Financial Procedures require that where an individual debt exceeds £5k, or cumulative debts for an individual debtor exceed £5k these should be subject to separate consideration for write off. Confidential details relating to the this debt are attached as Appendix 2 to this report.

**Recommendation**

The Director of Environment and Housing is requested to approve the write off the irrecoverable Sundry Debts in the sum of £25,648.12 represented by 46 accounts.

## **1 Purpose of this report**

- 1.1** This report seeks the Director of Environment and Housing approval to write off 46 accounts with a value of £25,648.12 representing irrecoverable Sundry Debts in respect of various service areas. This is the third write off request for this year and the total number and value of accounts written off in the current financial year 2014/15 is 252 accounts with a value of £119,413.56. The debts subject of this current report relate to charges raised in previous years.
- 1.2** This sum of £25,648.12 includes 1 account where the debt exceeds £5k for a single debtor and is required to be separately considered under the Financial Procedures.

## **2 Background information**

- 2.1** The policy in respect of Sundry Debtor Accounts is for Sundry Income Enforcement to make every attempt to recover the debt as follows:
- a) Tracing clients through the Council's 3 main systems (Orchard, Council Tax and Housing Benefits) where no forwarding address exists
  - b) Issuing accounts to clients where an address has been obtained
  - c) Referring debt to External Recovery Agents where no payment is being received
  - d) Where clients are in work recovery action through the courts can be pursued
- 2.2** Where a client cannot pay or disputes the debt, the Sundry Income Enforcement Team can offer payment to be made by arrangement.
- 2.3** Sundry Income Enforcement offers various methods of payment, including:
- a) At the Post Office, PayPoint or PayZone using a plastic swipe card
  - b) Direct Debit from the tenant's bank account
  - c) Standing Order at the bank
  - d) Over the telephone or internet using either a debit or credit card.
- 2.4** Debts can be written off for the following reasons:

- A Debtor Gone Away no forwarding address
- B Debt too small to justify further recovery action
- C Financial Hardship
- D Local Authority Error
- E Debtor Insolvent
- F Statute Barred
- G Age / Circumstances do not Justify Recovery
- H Debtor left county or lives abroad
- I Debtor No assets, Uneconomical to Pursue Further
- J Company dormant or moribund
- K Debtors Age / Circumstances Do not Justify Recovery
- M Legal proceedings taken Judgment against Council
- N Debtor Deceased - No apparent assets
- O Debtor in Mental Hospital – No apparent Assets
- Q Legal proceedings taken Unable to Enforce
- S Lack of documentary evidence
- T Debtor in prison
- Z EDRA - Irrecoverable

### **3 Main issues**

- 3.1** This report identifies irrecoverable debts scheduled for write off, with a value of £25,648.12 represented by 46 individual accounts relating to Sundry Income Debts.
- 3.2** The Environment and Housing Directorate raises approximately £6m of sundry debtor accounts each year (excluding funeral charges).
- 3.3** Provision is contained within the Housing Revenue Account and within the General Fund accounts for bad debts.
- 3.4** Appendix 1 to this report provides an analysis of the accounts to be written off by type of account (Table 1),
- 3.5** Financial procedures require that the write off of individual debts in excess of £5k or cumulative debts in excess of £5k for a single debtor are required to be reported to the Director of Corporate Services separately. There is 1 debtor, where the value is £8,957.33.

### **4 Corporate Considerations**

#### **4.1 Legal Implications, Access to Information and Call In**

- 4.1.1 There are no specific legal implications.

#### **4.2 Consultation and Engagement**

- 4.2.1 Consultation regarding the accounts to be written off has been made with each of the Service Managers/Finance Managers.

#### **4.3 Equality and Diversity / Cohesion and Integration**

- 4.3.1 This report relates to the write off of Sundry Debtor Accounts which is an administrative function. An Equality Impact Assessment has been carried out and on this occasion there are no implications for Equality and Diversity or Cohesion and Integration

#### **4.4 Council Policies and City Priorities**

- 4.4.1 The continued pursuit of these debts is considered to be uneconomic as all recovery actions have been exhausted. This course of action is considered to be meeting the Council policy of spending money wisely.

#### **4.5 Resources and Value for Money**

- 4.5.1 Provision is made for the write off of these accounts within the HRA and General Fund bad debt provision.
- 4.5.2 The recovery action for the 46 accounts in question has been exhausted and the debt is considered irrecoverable and/or it is considered uneconomic to incur further costs.

#### **4.6 Risk Management**

- 4.6.1 The continued pursuit of this debt would incur additional costs and it is considered that there will be little success, it is therefore considered uneconomic.

## **5 Conclusion**

**5.1** The corporate debt recovery process has been pursued in respect of these debts and the outcome is that these outstanding sums are deemed irrecoverable. To pursue the debts further would result in the Council incurring additional costs it is therefore considered uneconomic to do so. Consequently the debt is proposed to be written off.

## **6 Recommendations**

**6.1** The Director of Environment and Housing is requested to:-

- a) Approve the write-off of 33 accounts in the sum of £22,472.70 relating to Housing Revenue Account debt.
- b) Approve the write-off of 13 accounts in the sum of £3,175.42 relating to General Fund debts.

## **7 Background documents<sup>1</sup>**

**7.1** None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works

**Environment and Housing Panel  
SUNDRY DEBTORS WRITE OFF 2014/15 (3)**

<b>Debt Description</b>	<b>Value £</b>	<b>No of Accounts</b>
South Area - Recharges to Tenants	5,619.60	7
West Area - Recharges to Tenants	826.45	5
BITMO - Recharges to Tenants	1,889.66	8
East Area - Recharges to Tenants	3,670.24	11
Right to Buy- Discount	8,957.33	1
Service Charge	1,509.42	1
<b>Housing Revenue Account - Sub Total</b>	<b>22,472.70</b>	<b>33</b>
Enforcement	100.00	2
Parking Services	12.50	1
Parks & Countryside	603.00	3
Works In Default	2,459.92	7
<b>Housing General Fund - Sub Total</b>	<b>3,175.42</b>	<b>13</b>
<b>TOTAL</b>	<b>25,648.12</b>	<b>46</b>

<b>Write Off Reason</b>		<b>No of Accounts</b>	<b>Value</b>
A	Debtor Gone Away no forwarding address	1	£210.00
B	Debt too small to justify further recovery action		
E	Debtor Insolvent	3	£1,769.21
F	Statute Barred		
G	Age / Circumstances do not Justify Recovery	3	£2,192.41
H	Debtor left county or lives abroad		
I	Debtor No assets, Uneconomical to Pursue Further	1	£8,957.33
M	Legal proceedings taken Judgment against Council		
N	Debtor Deceased - No apparent assets	2	£476.59
O	Debtor in Mental Hospital – No apparent Assets		
Q	Legal proceedings taken Unable to Enforce	3	£5,769.86
S	Lack of documentary evidence		
T	Debtor in prison		
Z	EDRA - Irrecoverable	33	£6,272.72

<b>Under 2 Years Old</b>	28	£5,970.09
<b>Over 2 Years Old</b>	18	£19,678.03