

Report of Head of Finance

Report to Director of Environment and Housing

Date: February 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

Summary of main issues

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

A total of 93 accounts with a value of £19,053.00 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.

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. There are no individual debtors with accounts totalling over £5k.

Recommendation

The Director of Environment and Housing is requested to approve the write off the irrecoverable Sundry Debts in the sum of £19,053.00 represented by 93 accounts.

1. Purpose of this report

- 1.1 This report seeks the approval of the Director of Environment and Housing to write off 93 accounts with a value of £19,053.00 representing irrecoverable Sundry Debts in respect of various service areas. This is the fourth write off request for this financial year and the total

number and value of accounts written off in the current financial year 2014/15 is 345 accounts with a value of £119,476.56. The debts subject of this current report relate to charges raised in previous years.

- 1.2** The current proposed write-off does not include any sums exceeding £5k as individual accounts, or as a cumulative sum for an individual debtor. Such sums would require 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
- 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 £19,053.00 represented by 93 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), reason for write off (Table 2) and by period (Table 3).
- 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 are 0 debtors, where the value is £5k.

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 Council has made every effort to recover these debts. However, 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 93 accounts in question has been exhausted and the debt is considered irrecoverable and/or it is considered uneconomic to incur further costs in pursuit of these debts.

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 various options of debt recovery have either been used or considered as

uneconomical. These debts have therefore been deemed irrecoverable and recommended for write off.

6 Recommendations

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

- a) Approve the write-off of 72 accounts in the sum of £14,130.51 relating to Housing Revenue Account debt.
- b) Approve the write-off of 21 accounts in the sum of £4,922.49 relating to General Fund debts.

7 Background documents¹

7.1 None

¹ 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 (4)**

Table 1		
Debt Description	Value £	No of Accounts
South Area - Recharges to Tenants	1,554.71	8
West Area - Recharges to Tenants	3,819.79	24
BITMO - Recharges to Tenants	1,763.02	10
East Area - Recharges to Tenants	6,992.99	30
Housing Revenue Account - Sub Total	14,130.51	72
Enforcement	677.99	7
Disabled Facilities Grant	121.88	1
Group Repair Grant	363.43	1
Parks & Countryside	1,294.50	2
Works In Default	2,464.69	10
Housing General Fund - Sub Total	4,922.49	21
TOTAL	19,053.00	93

Table 2			
Write Off Reason		No of Accounts	Value
A	Debtor Gone Away no forwarding address	11	3,230.34
B	Debt too small to justify further recovery action		
E	Debtor Insolvent	2	1,261.72
F	Statute Barred		
G	Age / Circumstances do not Justify Recovery	1	363.43
H	Debtor left county or lives abroad	1	230.00
I	Debtor No assets, Uneconomical to Pursue Further		
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	5	1,870.65
S	Lack of documentary evidence	1	1,727.79
T	Debtor in prison		
Z	EDRA - Irrecoverable	72	10,369.07

Table 3		
Under 2 Years Old	58	7,904.71
Over 2 Years Old	35	11,148.29