
Report of Recovery and Exchequer Services Manager

Report to Deputy Chief Executive

Date: 6th July 2015

Subject: Write Off of irrecoverable debts (other than Local Taxation)

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. This reports details the overall level of write offs of Sundry Income debts for the period 1st April 2014 to 31st March 2015 and requests approval of relevant write offs in line with Financial Procedure Rule 7.9 (and appendix K).

Recommendations

2. Recommends that the balances detailed are approved for write off.

1.0 Purpose of this report

In accordance with Financial Procedure Rule 7.9 (and appendix K) the purpose of this report is to firstly advise the Director of Resources on the number and value of write-offs for a single debtor up to the value of £5,000 which have been approved by the relevant Departmental Director during the period 1st April 2014 and 31st March 2015, and secondly to report on the number and value of individual or cumulative write-offs with a value over £5,000 which require approval.

2.0 Background Information

This report mainly relates to debts which are administered either on the corporate debtors system (Civica Financials) or relate to Housing Benefit Overpayments which are recovered within the Academy Revenues and Benefits system, however additionally Revenues are also involved in elements of the recovery process for LDA (Commercial Rents).

3.0 Main Issues

3.1 Debts written off up to £5,000 – Civica Financials

The vast majority of Sundry Income debts are administered through the Authority's Corporate Debtors System (Civica Financials)

Following the issue of an invoice if the debt remains unpaid a reminder then recovery letters are issued automatically. Debts are then pursued via phone calls, visits, referral to External Debt Recovery Agents and Legal action in the County Court. Large value debts, commercial debts and invoices for on-going services are more closely monitored and services withdrawn if appropriate.

Whilst the values reported are significant the overall collection rate from all debts raised on the Corporate Debtors system is in excess of 99% in the fullness of time.

Analysis by directorate

Department	Number	Value (£)
Adult Social Care	562	£40,310
Corporate & Central Functions	287	£39,088
City Development	242	£18,582
Children's Services	65	£45,111
Education	220	£17,272
Environment & Neighbourhoods	396	£94,717
Total	1,772	£255,080

The table below shows the breakdown of the above amount by reason.

W/O category	% age of value
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Uncollectable by EDRA	40.6%
No assets/ Debtor dec'd no assets	14.9%
Legal Action taken (unable to enforce)	17.7%
Debtor GNA / or left country	12.7%
Not recoverable due to age/circumstances	2.6%
Insolvency	8.0%
Lack of documentary evidence	2.2%
Debtor in prison	1.3%
Total	100%

Other Write-Offs up to £5,000

3.2 Housing Benefits

These debts are on the Academy system.

Customers are notified they have an Overpayment by letter which is followed by an invoice and if remains unpaid a reminder then recovery letters are issued. Recovery options include recovery from ongoing Housing Benefit, deductions from the debtors wages, deduction from Department of Works and Pensions benefits, referral to External Debt Recovery Agents and Legal action in the County Court.

System	Number	Value (£)
Academy	5,188	£524,034

The table below shows the breakdown of the above amount by reason.

W/O category	% age of value
Uncollectable by EDRA	13.5%
No assets/ Debtor dec'd no assets	17.1%
Debtor GNA / or left country	19.5%
Legal Action taken (unable to enforce)	10.4%
Not recoverable due to age/circumstances	16.7%
Insolvency	9.5%
Debtor in prison	4.3%
Local Authority Error	5.5%
Private Sector o/p now CT Tenant	2.0%
Small Balance	0.8%
Lack of documentary evidence	0.7%
Total	100%

3.3 Commercial Rent

Current tenants who fall into arrears with their rent are referred to an external bailiff company. SIES recover any lapsed tenancy balances by methods as shown above at 3.1.

System	Number	Value (£)
Qube	29	£25,258
Total	29	£25,258

Total value of write-offs of debt up to £5,000

Table	Number	Value (£)
Table 3.1	1,772	£255,080
Table 3.2	2,581	£624,849
Table 3.3	29	£25,258
Overall Total	4,382	£905,187

3.4 Write-offs with a value over £5,000

In accordance with Financial Procedure Rule 7.9 (b) detailed below is the number and value of individual or cumulative write-offs for a single debtor with a value over £5,000 during the period from 1st April 2014 to 31st March 2015 which require approval of the Deputy Chief Executive.

Department	Number of debtors	Value (£)
Adult Social Care	4	£29,164
Corporate & Central Functions	0	£42
City Development	1	£7,046
Children's Services	0	
Education	0	
Environment & Neighbourhoods	2	£36,454
Housing Benefit overpayments	16	£180,209
Former Tenants Arrears	1	£5,128
Commercial Rent	4	£33,735
Overall Total	28	£291,778

4 Corporate Considerations

4.1 Consultation and Engagement

The write offs as detailed above were discussed with members of FPG on 10th July 2015.

4.2 Equality and Diversity / Cohesion and integration

This is not relevant with regard to this decision as the amounts written off are based on the debtors circumstances, and lack of available effective recovery

options

4.3 Council policies and City priorities

No issues

4.4 Resources and Value for money

Whilst the values reported are significant the percentage of overall debt collection on the Authority's Corporate Debtors system is in excess of 99% in the fullness of time.

4.5 Legal Implications. Access to information and call in

No issues

4.6 Risk Management

No issues

5 **Conclusions / Recommendations**

That considerable efforts and resources have been directed to recover the balances identified, and that the write off values above are approved

6. **Background Documents**

No specific background documents, information extracted from the Council's Debtors, and Revenues and Benefits systems.