

## Report of Recovery and Exchequer Services Manager

### Report to Deputy Chief Executive

Date: 15<sup>th</sup> July 2016

Subject: Write Off of irrecoverable debts (other than Local Taxation) 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016

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 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 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 1<sup>st</sup> April 2015 and 31<sup>st</sup> March 2016, 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).

The vast majority of write offs for approval will relate to invoices raised prior to the 2015/16 financial year, and to illustrate this the proportion of write offs on the Corporate Debtors system contained within this report account for just over 10% of the total.

### 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	863	£89,261
Corporate & Central Functions	299	£32,351
City Development	130	£18,986
Children's Services	93	£28,277
Education	171	£12,272
Environment & Neighbourhoods	272	£57,754
<b>Total</b>	<b>1,828</b>	<b>£238,901</b>

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

W/O category	% age of value
Uncollectable by EDRA	27.2%
Legal Action taken (unable to enforce)	20.7%
No assets/ Debtor dec'd no assets	18.1%
Not recoverable due to age/circumstances	16.7%
Insolvency	7.7%
Debtor GNA / or left country	5.3%
Lack of documentary evidence	4.0%
Debtor in prison	0.3%
<b>Total</b>	<b>100%</b>

(N.B. The above tables do not include the Apprentice Training Agencies write offs. The Apprentice Training Agency has used the Council's Debtors system and it's write offs up to £5,000 for 2015/16 were 10 with a total value of £929.)

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.

The write offs are split between discretionary write offs authorised by Leeds Benefit Service and irrecoverable write offs authorised within Leeds Revenues Service.

Irrecoverable write off of Housing Benefit Overpayments are:

System	Number	Value (£)
Academy	1,248	£237,073

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

W/O category	% age of value
Not recoverable due to age/circumstances	26.9%
Insolvency	23.7%
No assets/ Debtor dec'd no assets	22.7%
Debtor GNA / or left country	8.8%
Uncollectable by EDRA	7.3%
Legal Action taken (unable to enforce)	5.3%
Debtor in prison	3.8%
Small Balance	1.4%
Private Sector o/p now CT Tenant	0.1%
<b>Total</b>	<b>100%</b>

### 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	12	£11,555
<b>Total</b>	<b>12</b>	<b>£11,555</b>

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

Table	Number	Value (£)
Table 3.1	1,828	£238,901
Table 3.2	1,248	£237,073
Table 3.3	12	£11,555
<b>Overall Total</b>	<b>3,088</b>	<b>£487,529</b>

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 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016 which require approval of the Deputy Chief Executive.

Department	Number of debtors	Value (£)
Adult Social Care	13	£109,688
Corporate & Central Functions	0	
City Development	4	£25,682
Children's Services	0	
Education	0	
Environment & Neighbourhoods	2	£17,159
Housing Benefit Overpayments	6	£60,767
Former Tenants Arrears	1	£5,353
Commercial Rent	1	£20,934
<b>Overall Total</b>	<b>27</b>	<b>£239,583</b>

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

W/O category	% age of value
Insolvency	37.4%
Debtor dec'd no assets	28.2%
Not recoverable due to age/circumstances	22.0%
Legal Action taken (unable to enforce)	5.6%
Debtor GNA / or left country	4.6%
Debt Recovery Agents unable to collect	2.2%
<b>Total</b>	<b>100%</b>

(N.B. The above tables do not include the Apprentice Training Agencies write offs. The Apprentice Training Agency has used the Council's Debtors system and it's write offs with a value over £5,000 for 2015/16 were 1 for £7,603.)

4 Corporate Considerations

#### 4.1 Consultation and Engagement

The write offs as detailed above were discussed with members of FPG on 13<sup>th</sup> May 2016.

#### 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 details as above are approved

### 6. **Background Documents**

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