

## Report of Recovery and Exchequer Services Manager

### Report to Chief Officer (Financial Services)

Date: 1<sup>st</sup> June 2017

Subject: Write Off of irrecoverable debts (other than Local Taxation) 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017

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 2016 to 31<sup>st</sup> March 2017 and requests approval of relevant write offs.

### Recommendations

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

#### 1.0 Purpose of this report

In accordance with Council's key rule covering write offs the purpose of this report is to firstly advise the Chief Officer (Financial Services) 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 Recovery and Exchequer Services Manager during the period 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017, and secondly to report on the number and value of individual or cumulative write-offs with a value over £5,000 which require specific 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 relate to invoices raised prior to 2016/17 and the proportion of write offs on the Civica Financials system contained within this report in respect of 2016/17 accounts for less than 6% 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	1011	£95,749
Corporate & Central Functions	425	£89,858
City Development	191	£45,313
Children’s Services	72	£22,392
Education	227	£20,387
Environment & Neighbourhoods	273	£82,244
<b>Total</b>	<b>2,199</b>	<b>£355,943</b>

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

W/O category	% age of value
Uncollectable by EDRA	29%
No assets/ Debtor dec’d no assets	17%
Legal Action taken (unable to enforce)	14%
Insolvency/company moribund	14%
Debtor GNA / or left country	12%
Not recoverable due to age/circumstances	11%
Lack of documentary evidence	3%
<b>Total</b>	<b>100%</b>

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.

Irrecoverable write off of Housing Benefit Overpayments are:

System	Number	Value (£)
Academy	4,120	£939,906

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

W/O category	% age of value
Uncollectable by EDRA	36%
Debtor GNA / or left country	19%
No assets/ Debtor dec'd no assets	19%
Insolvency	15%
Legal Action taken (unable to enforce)	9%
Other	2%
<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	£15,289
<b>Total</b>	<b>12</b>	<b>£15,289</b>

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

Table	Number	Value (£)
Table 3.1	2,199	£355,943
Table 3.2	4,120	£939,906
Table 3.3	12	£15,289
<b>Overall Total</b>	<b>6,331</b>	<b>£1,311,138</b>

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

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 2016 to 31<sup>st</sup> March 2017 which require approval of the Chief Officer (Financial Services).

Department	Number of debtors	Value (£)
Adult Social Care	3	£33,022
Corporate & Central Functions	2	£25,004
City Development	4	£36,206
Environment & Neighbourhoods	5	£57,611
Housing Benefit Overpayments	31	£287,362
Former Tenants Arrears	1	£5,353
<b>Overall Total</b>	<b>46</b>	<b>£444,558</b>

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

W/O category	% age of value
Insolvency	56%
Debtor dec'd / no assets	30%
Debtor GNA or left country	6%
Lack of documentary evidence	5%
Legal Action taken (unable to enforce)	2%
Debt Recovery Agents unable to collect	1%
<b>Total</b>	<b>100%</b>

#### 4 Corporate Considerations

##### 4.1 Consultation and Engagement

The write offs as detailed above were discussed with members of FPG on 19<sup>th</sup> May 2017.

##### 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.

**Version 1.1**