
Report of Recovery and Exchequer Services Manager

Report to Chief Officer (Financial Services)

Date: 31st May 2018

Subject: Write Off of irrecoverable debts (other than Local Taxation) 1st April 2017 to 31st March 2018

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 uncollectable Sundry Income debts for the period 1st April 2017 to 31st March 2018 and requests approval of the relevant amounts.

Recommendations

2. That the Chief Officer Financial Services notes considerable efforts and resources have been directed to recover the balances identified, and that the write off values details are approved.

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 1st April 2017 and 31st March 2018, 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 2017/18 and the proportion of write offs on the Civica Financials system contained within this report in respect of 2017/18 accounts for less than 8% 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	900	£113,416
Resources and Housing	237	£28,807
City Development	211	£22,272
Children's Services	55	£29,760
Education	156	£12,353
Communities & Environment	144	£29,889
Total	1,703	£236,497.

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

W/O category	% age of value
Uncollectable by EDRA	20%
No assets/ Debtor dec'd no assets	35%
Legal Action taken (unable to enforce)	11%
Insolvency/company moribund	11%
Debtor GNA / or left country	10%
Not recoverable due to age/circumstances	7%
Lack of documentary evidence	6%
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.

Irrecoverable write off of Housing Benefit Overpayments are:

System	Number	Value (£)
Academy	3,067	£852,801.61

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

W/O category	% age of value
Uncollectable by EDRA	28%
Debtor GNA / or left country	22%
No assets/ Debtor dec'd no assets	17%
Insolvency	24%
Legal Action taken (unable to enforce)	7%
Other	2%
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	22	£21,604
Total	22	£21,604

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

Table	Number	Value (£)
Table 3.1	1,703	£236,497
Table 3.2	3,067	£852,801
Table 3.3	22	£21,604
Overall Total	4,792	£1,110,902

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 1st April 2017 to 31st March 2018 which require approval of the Chief Officer (Financial Services).

Department	Number of debtors	Value (£)
Adult Social Care	9	£65,631
City Development	4	£100,284
Communities & Environment	3	£40,257
Housing Benefit Overpayments	35	£302,684
Childrens Services	1	£16,720
LDA	2	18,124
Overall Total	54	£543,700

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

W/O category	% age of value
Insolvency	59%
Debtor dec'd / no assets	13%
Legal action taken – unable to enforce	13%
Gone no address	7%
Age/Circumstances	2%
Lack of documentary evidence	6%
Total	100%

4 Corporate Considerations

4.1 Consultation and Engagement

The write offs as detailed above were discussed with members of FPG on 18th June 2018.

- 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**
This is a Key Decision and is eligible for call in.
- 4.6 **Risk Management**
No issues
- 5 **Conclusions / Recommendations**
That the Chief Officer Financial Services notes considerable efforts and resources have been directed to recover the balances identified, and that the write off values details are approved.
6. **Background Documents**
None.