

**Proposed Decision to be
made by the Portfolio Holder
for Customer and
Transformation on or after 18
August 2017**

Irrecoverable Debt Write-Off

Recommendation

That the Portfolio Holder for Customer and Transformation agrees that the three debts detailed in this report, accruing to £14,253.21 are written-off as irrecoverable.

1.0 Key Issues

- 1.1 The Council uses all reasonable means to maximise income collection, prevent arrears arising, and manage outstanding debt effectively. Measures include:-
- Discussing financial arrangements and agreements with customers and their representatives when a service is being agreed so they are aware of their responsibilities
 - Prompt billing and collection of money due
 - Taking court action only after all other reasonable actions by the Council have been exhausted
 - Taking appropriate, proportionate and effective enforcement action
 - Seeking evidence where customers state that there are no funds to pay debts
- 1.2 In 2016/17 WCC invoiced a total of £71.6m, with £64.4m collected, the remainder being pursued. The proposed write-offs are less than 0.02% of the value of invoices raised in the last year.
- 1.3 The Council is currently pursuing a number of outstanding debts and in the case of the three debts listed in Section 2.0 it has been decided that it would be uneconomical to pursue these further. It is therefore proposed that these debts totalling £14,253.21 are written-off. The Portfolio Holder may approve the write-off of individual debts between £2,000 and £50,000.

- 1.4 The cost of writing-off would be set against the provision for bad debts that the County Council sets aside each year.

2.0 List of cases recommended for write-off

- 2.1 An invoice was raised in November 2011 in respect of an overpayment of childcare vouchers for the period January 2009 to May 2010. The invoice was raised against an ex-employee. Instruction to Legal Services to pursue the debt was made by Exchequer Services in May 2014.

The invoicee had left employment with WCC in December 2008 and therefore deductions from salary for the vouchers could not continue past this point. Despite this, WCC continued to pay Computershare the amount that should have been deducted from the employee's salary. Computershare then made the required payment to the Care Provider.

In July 2014 Mr A advised that he was not aware who Computershare were, and that payments were made directly to the Care Provider not him. Following the end of his employment with WCC, Mr A and his wife paid the Care Provider directly.

A further letter was received from Mr A in August 2014 following the referral to Legal Services again raising the above points. Therefore assertion therefore was that the Care Provider had received payment of the care charges twice, from Computershare and from Mr A.

Legal Services looked into gathering more information. Computershare confirmed that the only document that the Debtor had 'signed' was an initial agreement for them to contact us to set up payments. The Debtor has not signed or entered into any contract with WCC regarding the deductions from their wages.

While the liability of Mr A was ruled out, we have insufficient evidence to frame a claim against any other party. The childcare provider has not been identified.

The debt of £4,131 is therefore recommended for write off on the grounds of limitation; that we lack sufficient evidence to prove the debt in Court, and that the debtor could raise a defence which makes the result of any court action uncertain.

- 2.2 An Invoice was raised in November 2011 in respect of an overpayment of childcare vouchers for the period January 2009 and May 2010.

Exchequer Services instructed Legal Services to pursue the matter in May 2014.

Ms B left employment with WCC in December 2008 and therefore deductions from salary for the vouchers could not continue past this point. Despite this, Warwickshire County Council continued to pay Computershare the amount that should have been deducted from the employee's salary. Computershare then made payment to the Care Provider.

Ms B contacted Warwickshire County Council in June 2014 following receipt of a letter from Exchequer Services. Ms B stated that she gained no benefit from the overpayment of the vouchers to the Care Provider.

WCC continued to pay Computershare for the period January 2009 and May 2010 despite deductions not being taken from the employee's salary. Computershare then paid the Care Provider the amount paid to them. The Care Provider was therefore was paid for services they did not provide.

Computershare confirmed that payments were set up on a recurring basis meaning that the Debtor did not have to log into their account to make payments every month. A claim against Ms B could be successfully defended because as payments were set up as recurring she could reasonably assume that when she ceased employment, WCC would stop making payments to Computershare.

While the liability of Ms B was ruled out, we have insufficient evidence to frame a claim against any other party. The childcare provider has not been identified.

The debt of £2,916 is therefore recommended for write off on the grounds that we lack sufficient evidence to prove the debt in Court, and as limitation for any claim is likely to have expired.

- 2.3 When Blakemores Solicitors collapsed in 2013, a debt totalling £7,498.74 remained owed to Warwickshire County Council across 21 invoices in the name of Blakemores Solicitors and Lawyers2You (a Trading Name of the firm).

The firm was not a Limited Liability Partnership, and so Warwickshire County Council had to submit a claim against the firm and each one of its partners individually.

From the Partners we have received a total of £292.53. The recovery reduces the invoiced debt to £7,206.21.

While there is scope for further recovery from Lucas Johnson Limited the administrators, there is nothing further we can do to proactively recover the debt and there is nothing additional that requires monitoring.

It is therefore suggested this debt is now written off.

3.0 Background papers

None

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This report was circulated to the following members prior to publication:

Local Members Consulted – None

Other Members Consulted – Cllr Kam Kaur, Cllr Heather Timms, Cllr Parminder Singh Birdi, Cllr Maggie O'Rourke and Cllr Sarah Boad