

Proposed Decision to be taken by the Portfolio Holder for Customer & Transformation on or after 15 March 2019

Irrecoverable Debts

Recommendation

It is recommended that the debts detailed in this report, accruing to £11,401.95 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 2017/18 WCC invoiced a total of £123.7m, with £103.7m collected, the remainder being pursued. The proposed write-off is less than 0.01% 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 debt listed in Section 2.0 it has been decided that it would be uneconomical to pursue these further. It is therefore proposed that the debts totalling £11,401.95 is 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 A debt of £2,901.95 remains owed to Warwickshire County Council in respect of an overpayment of salary which totalled £3,648.36 made to Mr A as salary payments for a job he did not start.

A number of payments were received from Mr A via Step Change Debt Charity, reducing the debt to £2,901.95. However, on 08/02/17 we received notification that Mr A had entered into a Debt Relief Order.

The effect of the DRO is that the debt cannot be pursued for 12 months from the date of the Order. If, during that time, Mr A's circumstances change, we will be notified by the Insolvency Service and we will be able to continue pursuing the debt.

However, if after the 12 month period Mr A remains in the same circumstances, all debts listed in the DRO (including ours) should be written off.

As the 12 month period has now passed and Mr A's circumstances have not changed it is recommended that this debt should be written off.

- 2.2** Keresley Newland Primary School converted to Academy status in March 2015. The Head Teacher of the school, was subject to a Compromise Agreement, the cost of which was to be split 50/50 between WCC and the School. On 30 March 2016, a year after the conversion, the School have been invoiced for their share in the sum of £8,500.

At the time of conversion, the School had a carry forward balance of £7,076.03 (less than the invoiced sum).

A school cannot transfer with a minus balance, and so had the Compromise Agreement sum been taken into consideration during the conversion accounting procedures, WCC would have had to pick up the additional £1,423.97.

The school opened on 1st March 2015, according to the DfE's list of converters.

The Chair of Governors had given "formal authorisation for the monies due under the agreement to be paid" in April 2015, post-conversion.

The Director of Finance for the National Education Trust however refused payment, stating that they received confirmation from WCC in June 2015 that the close down was complete and that they were therefore unable to accept the invoice.

The settlement agreement is dated 10th April 2015. At the point of conversion, the compromise agreement had not been signed and so it was not included within the surplus decision.

We do not hold a signed copy of the compromise agreement, but even if this has been signed, the party to the compromise agreement was the maintained school, rather than the Academy Trust.

There appear therefore to be no legal grounds for recovery and so WCC will need to bear the cost of the full settlement figure on the basis that the potentially liable entity i.e. the maintained school no longer exists, and there is a lack of evidence to prove the transfer of liability to the Academy. The invoice to the school in the sum of £8,500 is consequently submitted for write off.

	Name	Contact Information
Report Author	Craig Fletcher	craigfletcher@warwickshire.gov.uk Telephone number 01926 418828
Assistant Director	Lisa Kitto	lisakitto@warwickshire.gov.uk
Joint Managing Director	David Carter	davidcarter@warwickshire.gov.uk
Portfolio Holder	Cllr Kam Kaur	cllrkaur@warwickshire.gov.uk

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

Councillors Singh Birdi, Timms, O'Rourke, Chattaway, Boad, Roodhouse, Chilvers and Kaur