

Proposed Decision to be taken by the Portfolio Holder for Customers on or after 18 November 2016

Irrecoverable Debts

Recommendation

That the 4 debts detailed in this report, accruing to £12,365.66 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 2015/16 WCC invoiced a total of £83.2m, with £76.8m collected, the remainder being pursued. The proposed write-offs totalling £12,365.66 are less than 0.0002% 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 3 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 £10,013.11 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 Mr A was overpaid salary in the sum of £3,218.95. The overpayment was invoices on 4 December 2012. Mr A made some repayments of £50 per

month, reducing the debt to £2,668.95 but he then entered into an IVA. A payment of £358 was received as a settlement from the IVA, leaving an outstanding balance of £2,310.95. We are prohibited from pursuing the outstanding sum.

- 2.2 Autology World Limited were invoiced for IT Consultancy Services to the value of £11,658.16 in May 2013. The invoice was originally disputed as Autology were not satisfied with the service, though they ultimately conceded that they were bound to pay under the terms of their contract. They offered to pay in instalments of £200 per month as the business was struggling but instalments at a higher rate of £500 were negotiated along with the proviso of periodic review. Payments commenced in October 2013.

In January 2014, a company Director advised that the company had made redundancies in December and could not afford the £500 instalments; the Directors could fund £200 per month. Evidence and a Statement of Truth were requested, on the basis of which £200 instalments were then agreed. Payments totalling £4,200 were received before we received further contact from a Director in July 2015.

It was advised that the company had no sales revenue for 2 years and they had no expectation of future revenues. The shareholders had agreed to write off their total investment of £2m and to hand control of the business to 2 individuals for the sum of £1 with a view to them rebuilding on the goodwill associated with the brand name. This was their only alternative to administration and the deal was conditional on the business being taken over debt free. Accordingly, an offer of £2,000 was put forward in full and final settlement of their outstanding debt to the authority.

If the company had gone into administration, WCC would have received nothing so it was agreed that a settlement would be accepted. This was negotiated up to £3,000 in full and final settlement.

The balance of £4,458.16 is therefore irrecoverable.

- 2.3 Ms B was overpaid salary in the sum of £3,244 in relation to her position as a Teacher at a Warwickshire County Council School. Payments continued to be made to Ms B for just over 12 months after her employment at WCC ceased.

Following the termination of payments, the overpayment was not actioned for a further 6 months, when an invoice was sent in February 2009.

Once the invoice had been issued, WCC was contacted by the Association of Teachers and Lecturers (ATL). A representative of ATL sent a number of emails to HR and Payroll with an offer of settlement. However, from the audit

trail of correspondence it seems that ATL were given conflicting information by both Services and responsibility was not taken for addressing the offer made. Due to the extended delays in response, the settlement offer was ultimately withdrawn.

The matter was then referred to Senior HR Management, who on investigation found a number of failings in how the matter had been dealt with and requested the debt therefore be written off.

2.4 Mr C was overpaid salary in the sum of £2,352.55 in December 2013.

Initial contact was made with Mr C in March 2014 following a trace to ascertain his correct address. A call was received from him on 2 April 2014. Mr C advised that he had suffered a stroke, is registered disabled and that he had been moved by the hospital to his current address. Following his stroke, Mr C said that he had memory problems and difficulty keeping track of dates. Mr C was not currently working and described himself as on the poverty line.

Mr C said he needed help and couldn't get assistance from his Union. He was asked if he had thought of contacting the CAB and Mr C said that the CAB were very busy, he was unable to book an appointment and he would have to queue outside on the street which in his ill-health was not ideal. He did however say that a friend and ex-colleague had offered him assistance.

A letter was sent to Mr C on 2 April 2014 advising him on what he needed to do next and an email was received from a friend of Mr C on 20 April 2014, who advised that they will help him to address the issues.

On 29 April 2014, a personal budget sheet was received offering instalments of £5.00 per month towards the debt. As Mr C indicated on his personal budget sheet that he was overspending by £100.00 per month, it was therefore deemed inappropriate to accept his instalments.

The matter was reviewed in February 2016 to ascertain the best course of action in light of the previous contact and a trace was undertaken to establish his current address. A letter was sent to the new address found on 25 April 2016, asking Mr C to complete a personal budget sheet to see whether his circumstances had changed and was asked to return this in 30 days. No response or payment has been received.

It is been considered that this debt will not be worth pursuing further as all evidence suggests Mr C is impecunious.

Background papers

None

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

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