

AGENDA ITEM: 11

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Meeting	Cabinet Resources Committee
Date	10 November 2005
Subject	Write Offs taken under Delegated Authority
Report of	Cabinet Member for Resources
Summary	To report action take under delegated authority by the Borough Treasurer to write off debts totalling £685,160.66

Officer Contributors	Borough Treasurer
Status (public or exempt)	Public
Wards affected	Not Applicable
Enclosures	Delegated Powers Reports Schedules listing the amounts to be written-off
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not Applicable

Contact for further information: Bob Henderson, 020 8359 2410

1. RECOMMENDATIONS

1.1 That the action taken be noted.

2. RELEVANT PREVIOUS DECISIONS

2.1 See attached delegated powers reports.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 To approve write-offs of debts totalling £685,160.66.

4. RISK MANAGEMENT ISSUES

4.1 See attached delegated powers reports.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 See attached delegated powers reports.

6. LEGAL ISSUES

6.1 None.

7. CONSTITUTIONAL POWERS

7.1 Details are set out in the delegated powers report. The constitution requires the Borough Treasurer to report write-offs authorised under delegated powers.

8 BACKGROUND INFORMATION

8.1 See attached delegated powers reports.

9 LIST OF BACKGROUND PAPERS

9.1 None.

BS: RB

BT: PK

1. RELEVANT PREVIOUS DECISIONS

1.1 None.

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

2.1 Good accounting practice requires that debit balances accurately represent realistic realisable income.

3. RISK MANAGEMENT ISSUES

3.1 The retention of irrecoverable debts on accounts is not consistent with good practice.

3.2 I have considered whether the issues involved are likely to raise significant levels of public concern or give rise to policy considerations and it was not considered that the issues would raise significant levels of public concern etc.

4. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

4.1 Budgetary provision has been made for the non-collection of these debts.

5. LEGAL ISSUES

5.1 N/A.

6. CONSTITUTIONAL POWERS

6.1 Delegated Power 6.6 (Subject to a report being submitted to Resources Cabinet Committee on the action taken, to write off debt up to £5,000).

7. BACKGROUND INFORMATION

7.1. The attached schedule summarises the amounts to be written off. These flow from good accounting practice in ensuring unrecoverable debts are cleared out of the accounts so that debtors are not overstated, but it should be noted that this activity has been more intensified in recent months to reduce the amount of bad debt taken into SAP.

7.2. Debts being written off are summarised below:-

- (i) Home Help Charges under £100 and over 2 years old – approximately 4,000 invoices totalling £114,011.46.

Because of the large number of cases which met the criteria, a sample 300 of were reviewed and it was confirmed that all reasonable recovery action had been taken in all cases and that given the type of debt (the majority relating to vulnerable clients and the age and size of the debts) it would be inappropriate to take further recovery action.

- (ii) Home Help Charges over £100 and over 6 years old – 256 invoices totalling £94,071.71.

Appropriate recovery action was taken at the time these invoices were issued, but again because of the age and type of debt and the vulnerability of the clients, further action at this late stage would be inappropriate particularly as the debts are

now statute barred. Many of the clients will also by now have deceased. None of these invoices exceed the Borough Treasurer's delegated powers.

- (iii) Meals at Home under £100 over 2 years old – approximately 1,500 invoices totalling £23,075.51.

As in the case of the small Home Help debts, all reasonable recovery action has been taken on these invoices and again further action at this late stage would be inappropriate given the type of debt and vulnerability of the clients, as well as being uneconomic given the comparatively small amounts of each invoice.

- (iv) Removal of abandoned vehicles to 31 March 2003 – 1,668 invoices totalling £137,782.34.

This is an area of debt where the rate of recovery has always been very low. Many of these invoices remain unpaid because liability has been disputed (where debtors have claimed they had previously disposed of the vehicle) or because the whereabouts of the last-registered owner are not known. Until the charges were increased in July 2002 from £30 to £105 recovery action had been limited, but even after the increase when a sample 30 cases were taken to Court the rate of recovery did not improve.

- (v) Tenants Rechargeable Works – 244 invoices totalling £17,605.18.

This is another area where the rate of recovery has been very low, partly because the debtors are often former tenants and their whereabouts are not known. Although the initial recovery procedures are followed, because the debts are often under £100 it is not considered economical to pursue legal proceedings.

- 7.3. The collection procedures used for the recovery of the majority of these debts have included the issue of an invoice and also a reminder and final notice, followed where appropriate, by a Notice Before Proceedings. Efforts have also been made to contact the debtor where possible and to agree suitable instalment arrangements.
- 7.4. Where these efforts have been unsuccessful or the instalment arrangements have not been adhered to, the case (if appropriate) has been referred for court action. Where Judgement has been awarded to the Council, suitable enforcement proceedings have been taken in an attempt to secure the debt.
- 7.5. Where the debtor has absconded, enquiries have been made to identify a new address. These enquiries have included the employment of tracing agents and the checking of records held by the Council including Council Tax, Housing Benefit, Rents, and Non-Domestic Rates. Because of the restrictions imposed by the Data Protection Act, the utility companies, which at one time could be relied upon for information and the Department of Work and Pensions, have been unable to assist.

8. LIST OF BACKGROUND PAPERS

- 8.1 Management Procedures.
- 8.2 Any person wishing to inspect the background papers listed above should telephone Bob Henderson, Principal Income Manager (Tel 020 8359 2410).

9. OFFICER'S DECISION

9.1 I have consulted with the Borough Solicitor and **I authorise the following action**

9.2 That the debts listed on the attached schedules are written off and that a report on my action is presented to the next Cabinet Resources Meeting.

Signed

Borough Treasurer

Date

Signed

Borough Solicitor

Date

**SCHEDULE OF
WRITE-OFFS
2005 - 2006**

SCH No.	NUMBER OF ITEMS	DEBT-RANGE		GENERAL DEBTS	HOUSING REVENUE DEBTS	GEN FUND TEMP ACCOM
G417	4000	(£0 - £100)	HOME HELP	114,011.46		
G418	265	(£100+)	HOME HELP	94,071.71		
G419	1500	(£0 - £100)	MEALS AT HOME	23,075.51		
G420	1668	(£0 - £105)	ABANDONED VEHICLES	137,782.34		
G421	24	(£4 - £103)	TENANT RECHARGES	1,323.82		
G422	24	(£5 - £99)	TENANT RECHARGES	1,745.18		
G423	24	(£24 - £98)	TENANT RECHARGES	1,719.04		
G424	24	(£0 - £100)	TENANT RECHARGES	1,317.60		
G425	24	(£0 - £100)	TENANT RECHARGES/ PIPER LIFELINE	1,359.33		
G426	24	(£0 - £100)	TENANT RECHARGES/ PIPER LIFELINE	1,380.35		
G427	24	(£3 - £98)	TENANT RECHARGES	1,535.54		
G428	24	(£0 - £322)	TENANT RECHARGES	1,261.18		
G429	24	(£0 - £100)	TENANT RECHARGES/ CARETAKERS PHONE-CALLS	1,500.21		
G430	24	(£0 - £100)	TENANT RECHARGES	1,688.67		
G431	4	(£44 - £2K)	TENANT RECHARGES	2,774.26		
R410	170	Under £5000			67,104.49	
R411	24	Under £5000			6,674.85	
R412	73	Under £5000				53,365.37
	7649			386,546.20	73,779.34	53,365.37

TOTAL

£513,690.91

1. RELEVANT PREVIOUS DECISIONS

1.1 None

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

2.1 Good accounting practice requires that debit balances accurately represent realistic realisable income.

3. RISK MANAGEMENT ISSUES

3.1 The retention of irrecoverable debts on accounts is not consistent with good practice.

3.2 I have considered whether the issues involved are likely to raise significant levels of public concern or give rise to policy considerations and it was not considered that the issues would raise significant levels of public concern etc.

4. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

4.1 Library fines are accounted for on a cash basis, so there is no budgetary consequence of writing these debts off.

5. LEGAL ISSUES

5.1 N/A.

6. CONSTITUTIONAL POWERS

6.1 Delegated Power 6.6 (Subject to a report being submitted to Resources Cabinet Committee on the action taken, to write off debt up to £5,000.)

7. BACKGROUND INFORMATION

7.1. The attached report from the Business Performance & Library Resources Manager sets out how Library fines and charges are incurred, the action taken to limit the amount of debt incurred by individual customers and the action taken to recover outstanding fines and charges.

8. LIST OF BACKGROUND PAPERS

8.1 Management Procedures.

8.2 Any person wishing to inspect the background papers listed above should telephone Bob Henderson, Principal Income Manager (Tel 020 8359 2410).

9. OFFICER'S DECISION

9.1 I have consulted with the Borough Solicitor and I authorise the following action

9.2 **That the debts listed on the attached schedules are written off and that a report on my action is presented to the next Cabinet Resources Meeting.**

Signed

Borough Treasurer

Date

Signed

Borough Solicitor

Date

London Borough of Barnet

Cultural Services

Report for Borough Treasurer requesting write-off of uncollected library fines & charges.

Background:

- Library stock items are issued through the Geac Library Management system. Most books are issued for a three week loan period, audio-visual material e.g DVD's may be issued for shorter periods and carry a loan charge.
- Items returned or renewed late or which are requested for a further chargeable loan period accrue a charge on the Geac system. Customers may not be present when this charge accrues as they are able to renew online, by phone or by letter. Items returned to the library may be left on the library counter but the customer does not wait for service so the fines are debited to their ticket. Items may also be returned by other family members/friends who decline to pay or returned by depositing in secure Library deposit boxes out of hours.

Action to limit debt and recover monies:

- If charges accrue to a customer ticket in excess of £3.00, no further loans or use of PC's is permitted until the debt is paid off. The £3.00 threshold is set at a level considered practicable to permit remote access to service but to control amounts owed.
- Overdue charges are charged at 15p per item per day up to a cap of £9.00. This has remained unchanged for a number of years as LB Barnet is at the higher end of fines charged and increased fines can result in more unpaid debts, greater loss of stock through non-return and can be a deterrent to use.
- The number of stock items that can be borrowed at any one time is 14 items on an adult ticket; within this a maximum of 4 videos/DVD's is permitted.
- Every time a library ticket is presented, the system alerts staff if any money is owing for whatever reason. Obviously, with remote access sums accrue without the customer being present but which for the most part are collected from them on their next visit.
- The uncollected debts represent a small proportion of customers from whom we have not been able to recover the money owed. Two overdue reminders are sent automatically by the system; for debts over £50 but under £100 staff will send a third warning letter and a small number of debts in excess of £100 are referred to the Income recovery section.
- The cost of staff and system time to further follow up debts below the threshold of £100 is not cost effective. The number of debts recovered by the Income Section is very low as customers have mostly moved away. These will be written off through their own procedures.

Authorisation for write off:

- The library service is requesting retrospective agreement by the Borough Treasurer to the write off of unpaid fines and charges for the years 2002, 2003 and 2004 under his Delegated Powers. The debts range from a few pence to £99 with an average of £2.42.
- In the first year we ran this process was run, based on data at 28/08/2000 there was a total of scheduled debts of £44,684.82. This represented all unpaid fines up to that date of over two years old. The age at which fines were considered uncollectable was then moved to three years so the amount of scheduled debt was extremely low as it had mostly been covered by the previous year's data. In August 2005 the process was run

again for fines over three years old under £50 and for fines between £50.01 and £100.00 for all previous years.

- It is important for management of the Geac database that these old debts and records are cleared on a regular (annual) basis. In future an annual report requesting write off will be submitted in advance with a schedule of debt it is proposed should be written off. Due to the fact this is a live system there may be a minor difference in the final amount cleared from the system.
- The schedule has been downloaded from the Geac Library Management system and is listed by customer (patron) barcode number, it is attached on a email file.

Summary:

<u>Year</u>	<u>Patrons</u>	<u>Amount</u>
2002	7067	44,684.82
2003	6	40.28
2005	4413	46,011.45
		<small>this includes charges under £50 for 2004 – 3439 patrons, value £23,989.22</small>
		Total £90,736.55

Mary Ross

Business Performance & Library Resources Manager

1. RELEVANT PREVIOUS DECISIONS

1.1 None

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

2.1 Good accounting practice requires that debit balances accurately represent realistic realisable income.

3. RISK MANAGEMENT ISSUES

3.1 The retention of irrecoverable debts on accounts is not consistent with good practice.

3.2 I have considered whether the issue's involved are likely to raise significant levels of public concern or give rise to policy considerations and it was not considered that the issues would raise significant levels of public concern etc.

4. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

4.1 Budgetary provision has been made for non-collection of these debts.

5. LEGAL ISSUES

5.1 N/A.

6. CONSTITUTIONAL POWERS

6.1 Delegated Power 6.6 (Subject to a report being submitted to Resources Cabinet Committee on the action taken, to write off debt up to £5,000.)

7. BACKGROUND INFORMATION

7.1. The attached schedule shows how the amount written off is made up, broken down into size-bands.

7.2. Included in the debts written off are £39,000 relating to Leaseholders charges where the debts are statute barred and where recovery action by Housing Services and more recently, Barnet Homes, has proved to be unsuccessful; £11,800 of commercial rents which are either statute barred or where the former tenants have absconded; £8,300 for commercial waste charges owed by businesses which have gone into liquidation and £4,500 for training fees for courses provided by the Mill Hill Skills Centre in 2002 and 2003, where once again, the debtor has gone into liquidation.

7.3. The collection procedures used for the recovery of the majority of these debts have included the issue of an invoice and also a reminder and final notice, followed by a Notice Before Proceedings. Efforts have also been made to contact the debtor where possible and to agree suitable instalment arrangements.

7.4. Where these efforts have been unsuccessful or the instalment arrangements have not been adhered to, the case, if appropriate, has been referred for court action. Where Judgement has been awarded to the Council suitable enforcement proceedings have been taken in an attempt to secure the debt.

7.5. Where the debtor has absconded, enquiries have been made to identify a new address. These enquiries have included the employment of tracing agents and the checking of

records held by the Council including Council Tax, Housing Benefit, Rents, and Non Domestic Rates. Because of the restrictions imposed by the Data Protection Act, the utility companies, which at one time could be relied upon for information and the Department of Work and Pensions have been unable to assist.

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9. OFFICER'S DECISION

- 9.1 I have consulted with the Borough Solicitor and **I authorise the following action**
- 9.2 **That the debts listed on the attached schedules are written off and that a report on my action is presented to the next Cabinet Resources Meeting.**

Signed

Borough Treasurer

Date

Signed

Borough Solicitor

Date

INCOME SECTION
SCHEDULE OF WRITE-OFFS
2005 - 2006

SCH No.	NUMBER OF ITEMS	DEBT-RANGE	GENERAL DEBTS	LEASEHOLDERS DEBTS
G409	24	(£0 - £100)	1,189.07	
G410	22	(£100 - £250)	3,965.45	
G411	14	(£250 - £500)	4,474.73	
G412	6	(£500 - £1000)	4,262.59	
G413	11	(£1K - £5K)	27,928.46	
G414	24	(£0 - £5K)		20,648.70
G415	23	(£0 - £5K)		9,041.97
G416	12	(£0 - £5K)		9,222.23
	136		41,820.30	38,912.90

TOTAL	£ 80,733.20
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AGED DEBT ANALYSIS

SCH No	UP TO ONE YEAR OLD	UP TO TWO YEARS OLD	UP TO THREE YEARS OLD	UP TO FOUR YEARS OLD	UP TO FIVE YEARS OLD	UP TO SIX YEARS OLD	OVER SIX YEARS OLD	TOTAL
G409	112.27	86.70	120.00	387.31	130.18	146.24	206.37	1,189.07
G410		537.29	304.49	1,040.98	101.07	1,105.49	876.13	3,965.45
G411		295.84	792.96	999.20	369.03	617.34	1,400.36	4,474.73
G412			1,119.18	248.98	760.00		2,134.43	4,262.59
G413	1,420.36	2,143.12	7,633.47	4,920.31	1,513.65	-	10,297.55	27,928.46
G414							20,648.70	20,648.70
G415							9,041.97	9,041.97
G416							9,222.23	9,222.23
TOTAL	1,532.63	3,062.95	9,970.10	7,596.78	2,873.93	1,869.07	53,827.74	80,733.20