

Agenda Item IMD3

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2018/03

TITLE	Write-off of Non-Collectable Debt.
DECISION TO BE MADE BY	Executive Member for Finance.
DATE AND TIME	Tuesday 16 January 2018 at 9.30 am
WARD	Non Specific
DIRECTOR	Graham Ebers, Director of Corporate Services
REPORT TO BE PUBLISHED ON	8 January 2018
VENUE	David Hicks 2

OUTCOME / BENEFITS TO THE COMMUNITY

The write-off of a non-collectable debt ensures that Council ledgers are accurate and up to date.

The debt to be written off is in respect of invoices detailed below. Any debt written off has a financial impact on the Council.

RECOMMENDATION

That the Executive Member for Finance agrees to write-off invoices in the sum of £223,732.99 as set out in the table contained in the report

SUMMARY OF REPORT

Woodley Age concern went into Administration on the 5th April 2016 leaving £228,512.21 of debt outstanding. The majority of the invoices were raised in March 2016 and we did not have the opportunity to pursue the debt before they went into Administration.

Background

Wokingham Borough Council block purchased services for day care, and therefore gave its available funds for day care to a small number of providers. From 2011, the self-directed support model was introduced nationally. After an assessment of a customer's needs, the customer had control over their personal budget and this allowed them to choose which service to buy to meet their need and to decide on their provider, rather than limit them to services block purchased.

In order to allow choice, the Council needed to free up its block funding to providers and this was done after extensive consultation, and the block funding was tapered off gradually.

Wokingham Borough Council were notified in early 2014 that Woodley Age Concern were experiencing financial difficulties, and in April 2014 the Council agreed to provide a loan of up to £150,000 and supported them to develop a business plan in order for it to increase its income and gain financial stability. Following a financial review in November 2014, it became apparent that Woodley Age Concern needed further funds. An additional loan of £66,000 was provided.

In February 2016, Wokingham Borough Council and Woodley Age Concern could not agree terms on further support, and the Company sought advice on its ongoing solvency. The recommendation was that Woodley Age Concern could not continue to trade. The Company complied with its statutory duty pursuant to Section 48 of the Care Act 2012 and took over the temporary operation of the day care centre in March 2016.

It is therefore proposed that the following invoices for Woodley Age Concern Customer ID 500008 be written-off:

Invoice number	Date	Invoice Amount	Dividend Paid	O/S Amount	Description
962458	27/4/2014	120.00	120.00	0.00	Non Attendance at Adult Safeguarding L1 Train the Trainer
10051304	10/3/2016	9,529.55	4659.22	4,870.33	Maintenance and servicing cost for Woodley Age Concern
10052066	16/3/2016	66,000.00	0.00	66,000.00	Reclaim payment in advance
10052133	17/3/2016	2,862.66	0.00	2,862.66	Interest on loan of 150,000.00 @ 1.99% 1-4-15 to 16-3-16
10052132	17/3/2016	150,000.00	0.00	150,000.00	Repayment of loan principle
Total		£228,512.21	£4,779.22	£223,732.99	

Total amount of debt outstanding at date of administration was £228,512.21. We have

received a dividend from the Administrators of £4,779.22 and this has been allocated against the oldest invoices, leaving a debt outstanding of £223,732.99, as detailed above.

Analysis of Issues

If the debt is not written off, it will remain as a bad debt outstanding on our records. It is reported monthly as outstanding with no expectation of collecting the debt.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	223,732.99	Yes	Revenue
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None identified

SUMMARY OF CONSULTATION RESPONSES

Director – Finance and Resources	None
Monitoring Officer	None
Leader of the Council	None

List of Background Papers

Proof of debt
Letter from Administrator
Form 2.23B – Notice of Result from Creditors Meeting

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