

Report to:	Lead Member for Resources and Climate Change
Date:	31 March 2025
By:	Chief Operating Officer
Title of report:	Write-off of Debts
Purpose of report:	To seek Lead Member approval for writing off certain debts in excess of £10,000.

RECOMMENDATIONS:

The Lead Member for Resources and Climate Change is recommended to:

- 1) Approve the writing-off of 12 debts amounting to £208,591.46 in the Council's 2024/2025 accounts;**
- 2) Note that provision is made for bad and doubtful debts; and**
- 3) Note the current debt position and steps being put in place to make improvements.**

1. Background

Financial Appraisal

1.1 At Quarter 3, of 2024/2025, the County Council's net service budgets totalled £522.9m, after allowing for income of £609.1m. This income, after excluding Dedicated Schools Grant of £155.4m, comes from claims for specific grants and contributions from Government and other bodies as well as a variety of charges for services. This latter category includes charges for residential accommodation, domiciliary care, highways work, rents etc. Some of the income is received in cash or in advance of the service being provided, but much is collected by raising an account on the debtor.

1.2 As is the case for all local authorities, some of the Council's anticipated income becomes uncollectable. To allow for this the Council's accounts have always included a "provision for bad and doubtful debts" which recognises that a proportion of outstanding debts at year end may not be collected. This provision is monitored each month and is reported as part of budget monitoring. The approximate bad and doubtful debt provision for 2024/2025 is estimated to be £4.253m. The final figure for 2024/25 will be calculated in April 2025 and reported through the closedown arrangements.

1.3 The County Council is committed to taking all appropriate recovery action before considering a debt for write-off to ensure that write-off is kept to a minimum. Work to review and streamline the debt recovery process is ongoing. Officers seek to learn lessons from debts that have previously been written off, and to ensure that there are robust systems and processes in place to recover debt promptly. However, it is inevitable that some debts will have to be written off. For the debt proposed for write-off in this report, despite efforts made to recover the outstanding sums, all routes have now been exhausted.

1.4 In cases where the County Council has been unable to enforce a County Court Judgment, notwithstanding any decision to write-off the debt, monies can theoretically still be recovered within 6 years of the judgment. With the permission of the court, this timeframe can extend beyond the 6 year limitation period where the debtor seeks credit and is required to discharge their debt to the Council before credit is advanced to them. Also, in cases of debtor liquidation, where a liquidator distributes the debtor's assets to discharge outstanding liabilities, it is possible for the County

Council to receive some of the outstanding monies, notwithstanding any decision to write-off the debt.

1.5 In accordance with the Council's Financial Procedure Rules, for write-off of debts over £10,000, approval of the Lead Member for Resources and Climate Change is required. This report is to advise the Lead Member of 12 debts over £10,000, totalling £208,591.46, that are recommended for write-off. In each case, all debt recovery actions have been exhausted, and it has been established that either the individual and/or estate had insufficient funds to repay their debts. Details of these debts are detailed in Appendix 1 of an exempt report at a later agenda item.

1.6 The total amount proposed to be written-off for 2024/2025 is £558,684.36 including £350,092.90 worth of debts that, individually, amount to less than £10,000 and which have already been authorised in line with the Council's financial procedure rules. This is a decrease of £47,646.44 when compared to the total written-off in 2023/2024 (£606,330.80). The value of debt to be written off remains low, at 0.11% of the amount of income collected.

2. Supporting Information

2.1 The table attached at Appendix 1 shows performance over the last few years.

2.2 The level of outstanding debt has continued to increase during the last financial year. At Quarter 3 of 2024/25 the value of aged debt over 5 months was £8.501m which is an increase of £2.082m compared with the 2023/24 outturn position of £6.419m. The Q3 2024/25 position excludes £5.997m income due from the NHS Integrated Care Board as ongoing discussions are taking place to facilitate settlement.

2.3 Adult Social Care (ASC) debt represents most of the Council's debt collection activity with £34m invoiced for client contribution as at 17 February 2025. £8.201m (96.47%) of aged debt over 5 months at Quarter 3 of 2024/25 relates to ASC.

2.4 In terms of benchmarking, ASC debt remains low relative to regional comparators. At Quarter 3 of 2024/25 East Sussex County Council has 17.6% of total social care debt (not subject to a deferred payment agreement) that is 60 days or more overdue as a percentage of total billed assessed fees and charges income, compared with the median for the South East region of 26.25%.

2.5 Debt recovery related to ASC client contributions can often take a long time due to circumstance of the debtors. For example, an ASC client may lack capacity to make decisions for themselves and an appointee, deputy or power of attorney therefore needs to be established, or the debt forms part of the administration of an estate.

2.6 An ASC Debt Case Panel (the Panel) meets monthly to review complex and high value debt cases. The Panel makes decisions regarding appropriate next steps to recover debt with sensitivity and consideration of the clients or families concerned, and in accordance with the Care Act. In addition, the Panel has oversight of ageing debt cases to ensure that appropriate decisions are made before the 6-year limitation period expires and to share good practice.

2.7 During 2024/25, non-payment of client contributions and contact from ASC clients advising they are suffering from financial hardship has continued to impact on the level of outstanding debt. The County Council is mindful of the ongoing financial pressures that individuals are facing and recognise that it is likely that this impact will continue in the coming year.

2.8 Recovery of debt continues to be a high priority. As part of ongoing improvement work, a Debt Recovery Project was initiated to review and improve the ASC debt recovery model. Work to explore the end-to-end ASC debt recovery processes began and several priority action areas were identified and taken forward. In recognition of the complexity of ASC debt recovery, a fuller strategic review is required to identify and take forward any further opportunities for improvement, which is expected to commence in 2025/26.

3. Conclusion and Reasons for Recommendation

3.1 There is no prospect of recovering the 12 outstanding debts listed and therefore it is recommended that the Lead Member for Resources and Climate Change:

- (i) Approves the write-off of these debts amounting to £208,591.46 in the Council's 2024/25 accounts;
- (ii) Notes that provision is made for bad and doubtful debts; and
- (iii) Notes the current debt position and steps being put in place to make improvements.

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Background Documents
None