

Report to: Lead Member for Resources and Climate Change

Date: 31 March 2026

By: Chief Operating Officer

Title of report: Write-off of Debts 2025/26

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 14 debts amounting to £308,272.83 in the Council's 2025/2026 accounts;**
- 2) Note that provision is made for bad and doubtful debts; and**
- 3) Note the current debt position and positive steps being put in place to make improvements.**

1. Background

Financial Appraisal

1.1 At Quarter 3, of 2025/2026, the County Council's net service budgets totalled £564.7m, after allowing for income of £804.0m. This income, after excluding Dedicated Schools Grant of £148.3m, 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, and rents. 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 2025/2026 is estimated to be £6.0m; the final figure for 2025-26 will be calculated in April 2026 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 Councils 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 14 debts over £10,000, totalling £308,272.83, 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 2025/2026 is £733,863.99 including £425,591.16 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 an increase of £175,179.63 when compared to the total written-off in 2024/2025 (£558,684.36). While the total value has increased in cash terms, write-offs remain low as a percentage of total income collected (0.13%) and are broadly in line with historical trends, reflecting effective debt management and recovery processes.

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 2025/26 the value of aged debt over 5 months was £13.390m which is an increase of £4.035m compared with the 2024/25 outturn position of £9.355m. Although the bad and doubtful debt provision remains high and the level of outstanding debt continues to rise, the actual volume of debt requiring write-off remains comparatively low, reflecting the Council's sustained focus on recovery activity and strong controls over debt management.

2.3 Adult Social Care (ASC) debt represents most of the Council's debt collection activity with £34m invoiced for client contribution as of 13 February 2026. £12.96m (96.82%) of aged debt over 5 months at Quarter 3 of 2025/26 relates to ASC. However, the rise in outstanding debt has not resulted in an equivalent increase in write-offs, which have remained controlled. This demonstrates that, although more debt is entering recovery processes, the Council continues to convert a high proportion of debt into successful collection rather than write-off.

2.4 In terms of benchmarking, ASC debt remains relatively low compared with other Councils in the region. At Quarter 3 of 2025-26, East Sussex County Council has 23% 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 25.9%.

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 2025/26 there has been an increase in income due in cases where Discretionary or Non-Discretionary Funding for ASC was being provided and has now ended. While the local authority was funding the care, costs could not be recovered as there was no legally authorised individual in place to manage the person's financial affairs. Operational improvements to case review processes have led to cases now being closed more promptly once a deputy or attorney is appointed, enabling cost recovery to begin sooner. In addition, several adults receiving funding

have sadly passed away, and recovery is now being pursued from their estates where appropriate. These factors have contributed to a higher level of income now becoming due. Non-payment of ASC client contributions has also continued to impact on the level of outstanding debt.

2.8 Recovery of debt continues to be a high priority. As part of ongoing improvement work a Debt Recovery Project has been initiated and progressed to review and improve the ASC debt recovery model. The objectives of the Debt Recovery Project are to ensure that service users understand and are supported to pay their assessed client contribution. This project is also focusing on establishing clear, visible pathways to support clients to pay their client contributions and to recover any debt that arises because of non-payment.

2.9 Recent work to review the ASC debt recovery model has strengthened understanding of how non-payment cases progress and where recovery activity has the greatest impact. Early engagement was found to lead to better outcomes, while delays reduce effectiveness and increase resource demands. The work also highlighted the need for a more targeted and proportionate approach to prioritising cases, improving confidence and consistency in decision-making. In addition, the review has supported clearer shared understanding between teams and improved visibility of process constraints, providing stronger assurance that recovery activity is focused appropriately and that debts considered for write-off have followed reasonable recovery routes.

2.10 A new Paperless Direct Debit project has been initiated and provisionally planned for implementation during the 2026/27 financial year. The project will streamline the process for adults to set up automated payments for their assessed contributions by removing the need for paper forms and simplifying the sign-up process. This is expected to increase Direct Debit uptake and reduce the number of missed or delayed payments. Overall, the improvement is likely to support more consistent income collection and help to mitigate further growth in non-payment of client contribution debt.

3. Conclusion and Reason for Recommendation

3.1 There is no prospect of recovering the 14 outstanding debts listed and therefore the Lead Member for Resources and Climate Change is recommended to:

- (i) Approve the write-off of these debts amounting to £308,272.83 in the Council's 2025/26 accounts;
- (ii) Note that provision is made for bad and doubtful debts; and
- (iii) Note the current debt position and positive steps being put in place to make improvements.

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Background Documents
None