

REQUEST FOR DMPC DECISION – PCD 183**Title: Annual Debt Write Off 2016/17****Executive Summary:**

This paper requests approval to write off trade debts and salary/pension overpayments, which have been deemed irrecoverable for the financial year 2016/17. The MPS wishes to write off the following:

- £118,643 of debts are to be written off where the debts are considered irrecoverable, and
- £9,157 of debts are to be written off where it is considered too uneconomical to pursue.

Recommendation:

The DMPC is asked to

1. Approve the following write offs of irrecoverable debts:

- £118,643 of debts are to be written off where the debts are considered irrecoverable, and
- £9,157 of debts are to be written off where it is considered too uneconomical to pursue.

Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature*Spurwender***Date***12/4/17*

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. The MPS aims to recover all debts including salary/pension overpayments. The MPS will only write off debts once all other avenues have been exhausted. If a debt is written off and a debtor is subsequently traced, the MPS will reverse the write off and pursue the debt again. The MPS does consider each case on its merits and makes recommendations accordingly.

2. Issues for consideration

- 2.1. Given the financial pressures facing the MPS, the MPS makes every effort to pursue debts where it is economic to do so.
- 2.2. See the Part 2 for further details.

3. Financial Comments

- 3.1 The amount of write offs (£127,801) in terms of the MPS's overall budget of £3.3bn is low. The table below provides the context of the level of write offs:

	Trade Debtors	Payroll	Pension
Total irrecoverable £	3,501	104,826	19,474
Annual cost £m	16.00	2,468.32	270.94
Percentage of cost	0.022%	0.004%	0.007%

- 3.2 The MPS aims to keep write offs to a minimum. The roll out of the new Business Support Services provision by SSCL provides the MPS with an opportunity to further reduce the level of write offs by reinforcing to all staff their responsibilities in this area, in particular the need to inform payroll immediately of any changes in circumstances that could affect their pay.

4. Legal Comments

- 4.1. The MOPAC Scheme of Consent and Delegation paragraph 4.8 requires approval from the Deputy Mayor of Policing and Crime to write off all debts that are considered to be irrecoverable.

5. Equality Comments

- 5.1. There are no direct equality or diversity implications arising from this report

6. Background/supporting papers

- 6.1. Write off report.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred ? NO

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rational for non-publication.

Is there a **part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

ORIGINATING OFFICER DECLARATION:

Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
Equalities Advice: No Equality and Diversity issues identified.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature *R. Lawrence*

Date *6/4/17*

Not Protectively Marked

INVESTMENT AND ADVISORY BOARD - 9 MARCH 2017

WRITE OFF OF IRRECOVERABLE DEBTS

**Report by the Director of Commercial & Finance on behalf of the
Commissioner**

Executive Summary

Following a comprehensive review of trade debtors and salary/pension overpayments, the MPS are seeking approval from the DMPC to write off irrecoverable debts where all possible management actions have been exhausted. The general approach in the MOPAC Group is to recover any trade debts and salary/pension overpayments and it is rare for such debts to be written off. Each case here has been considered on its own merits.

A. RECOMMENDATIONS - That

The Deputy Mayor for Policing and Crime approves:

- That £119,643.24 of debts are written off where the debts are considered irrecoverable (listed in **Appendix 1**), and
- That £9,157.31 of debts are written off which are considered too uneconomical to pursue (listed in **Appendix 1**).

B. SUPPORTING INFORMATION

1. The MOPAC Scheme of Consent and Delegation, at clause 4.8, provides that the Deputy Mayor for Policing and Crime (DMPC) has the delegated authority to approve the write off of all debts which are considered irrecoverable.
2. The general rule in the MPS is to recover all debts including salary/pension overpayments made to employees. Consequentially debts are not written off until all available recovery options have been exhausted. Indeed in individual cases of hardship, the MPS would prefer to consider extending the period over which staff or pensioners are asked to repay the monies, than resort to writing off the debt. Even after a debt has been written off, if the debtor is traced or further information is received the debt will be written back on and the debt will again be vigorously pursued. The last time any debts were approved by the DMPC for write off was in March 2016.
3. MPS and SSCL staff have thoroughly reviewed all the facts behind each instance before considering whether a debt is irrecoverable. Each case here has been considered on its own merits and recommendations made

accordingly. Circumstances which may lead the MPS to consider a debt to be irrecoverable or not in the MPS interests to pursue include:

- In cases of bankruptcy, insolvency or where there is an administration order;
 - Shared culpability where there is acceptance that the individual was incorrectly advised or was not otherwise fully aware of the overpayment, for instance where the line manager misunderstood regulations around part time pay and entitlements;
 - Where the debtor is untraceable;
 - Where the claims have been referred to the County Court, a County Court Judgement obtained but the Court itself is unable to pursue the debt;
 - Where it is not in the interests of the MPS to pursue. The pensioner payroll write offs (11 of the 12 cases for £18,133.59) arose because of the time-lags involved in notification of death to the pension administrator and it is not considered appropriate or in the interest of the MPS to pursue these cases;
 - Where the employee/pensioner can prove that there was no overpayment and that they were entitled to receive the money;
 - Where the employee/pensioner can demonstrate that it would be inequitable for them to repay either part or the full amount.
4. In line with the MOPAC Scheme of Delegation and Consent approval is sought from the DMPC to write off £119,643.24 of debts where the debts are considered irrecoverable and £9,157.31 of debts which are considered uneconomical to pursue. These are summarised in the tables below and detailed in Appendix 1. Source documentation is available for review if required. The majority of cases of debt relate to salary and pension overpayments.

5. The values of irrecoverable debts are as follows:

Trade debtors (irrecoverable debt)	Write-Off Value (£)
Bankruptcy / Insolvency / Administration Order / Other	1,757.46
Untraceable debtor	2,763.00
Total Irrecoverable	4,520.46

This report does not include cash losses relating to cases of theft or fraud. Such cases are maintained on the DARA Fraud Case System and reported separately.

Payroll and pensions (irrecoverable debt)	Write-Off Value (£)
Payroll: overpayments: Bankruptcy / Insolvency / Administration Order	0.00
Payroll: overpayments: CCJ entered	29,045.88
Payroll: overpayments: Not in MPS interests to pursue	48,236.32
Payroll: overpayments: Shared culpability	2,688.28
Payroll: overpayments: Untraceable debtor	15,678.77
Pension Payroll: overpayments: Not in MPS interests to pursue	19,473.53
Total Irrecoverable	115,122.78

For context, this is compared with an annual pay budget of approximately £2.5 billion

6. There are other instances where a debt maybe not entirely irrecoverable but is of a low value (eg. below £25) and/or any further pursuit of the debt through the small claims court would cost more than the value of the debt. In these cases it is considered uneconomical to pursue.

Type of low value/uneconomical debt (trade debtors and salary/pension overpayments)	Write-Off Value (£)
Payroll: overpayments: Uneconomical to pursue via Small Claims Court	9,176.55
Low value cash discrepancy (under and over payments by trade debtors)	(19.24)
Unable or uneconomical to pursue	0.00
Total Uneconomical	9,157.31

7. Whilst the total amount submitted for approval is higher than in the previous year this does not indicate the number of overpayments are increasing. Rather many of the cases identified and associated actions to recover the amounts have been ongoing for several years. The total amount submitted for approval in this report simply reflects a recommendation to close these cases (rather than reflecting the level and timing of overpayments each year). For example this paper includes two cases where overpayments were made from 2000 to 2015, which following appropriate management action has resulted in a recommended write off of £36,310 included in the figures above. Details are provided in Appendix 1.
8. The table below provides context of the write off for trade debtors, payroll and pension against the annual costs.

	Trade Debtors	Payroll	Pension
Total Irrecoverable	4,501.22	104,825.80	19,473.53
Annual cost £m	16.00	2,468.32	270.94
%	0.028	0.004	0.007

9. The objective must always be to keep write offs to a minimum. Line managers must inform HR Directorate of People and Change (currently via a service request input onto the Met-HR system) in a timely manner where employees are leaving or where there are changes in working hours/arrangements. The roll out of the transformed Business Support Services provision by SSCL will provide the MPS with an opportunity to reinforce to officers and staff and their managers their responsibilities in this area. This will enable the current MPS payroll/pension service providers, and after transformation SSCL, to react quickly and thereby reduce the number of overpayments.
10. Although the value is already extremely low, to reduce the possibility of future trade debtor write offs due to Bankruptcy/Insolvency/Administration Order, the Financial Instructions will be amended to further tighten internal controls and due diligence around credit checks on customers and ensuring those customers signing contracts are a director of the company or have a director's authority to do so.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. There are no equality and diversity implications to this report.

Financial Implications

2. The financial implications are set out in the report: total debt recommended for write off is £128,800.55.

Legal Implications

3. The MOPAC Scheme of Consent and Delegation (revised October 2016) at clause 4.8 provides authority to the DMPC to approve the write off of all debts considered irrevocable. The DMPC may therefore approve the recommendations set out in this report.

Consultation undertaken

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Mark Pomroy, Head of HR Policy & Reward, Human Resources. Mark.Pomroy@met.pnn.police.uk	All queries/challenges from Corporate Finance have been responded to satisfactorily.
Directorate of Audit Risk and Assurance	Referred to 2014/15 DARA audit on material systems to keep w/o to a minimum.

Risk (including Health and Safety) Implications

4. There are no risks including health and safety implications to this report

Report author: (Ian Percival, Director of Corporate Finance 020 7161 4966)

PART 2: EXEMPT SECTION OF THE REPORT

1. **Appendix 1** is exempt from disclosure under Data Protection Section 40 and Commercial Interest Section 43 of the FOIA.
2. Review date December 2017