

REQUEST FOR DMPC DECISION – PCD 348

Title: Write off of irrecoverable debts 2017/18

Executive Summary:

This paper requests approval to write off salary/pension overpayments, which have been deemed irrecoverable for the financial year 2017/18. The MPS wishes to write off the following:

- £52,251.18 of debts are to be written off where the debts are considered irrecoverable, and
- £3,364.84 of debts are to be written off where it is considered too uneconomical to pursue.

Recommendation:

The DMPC is asked to approve the following write offs of irrecoverable debts:

1. £52,251.18 of debts are to be written off where the debts are considered irrecoverable, and
2. £3,364.84 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

Spivey Hender

Date

18/7/18

PART 1 - 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 (£55,616) in terms of the MPS's related payments of £3bn is low. The table below provides the context of the level of write offs:

	Payroll	Pension
Total irrecoverable £	51,908	3,708
Annual cost £m	2,417.50	622.77
Percentage of cost	0.002% (0.004% last year)	0.0006% (0.003% last year)

- 3.2. The MPS aims to keep write offs to a minimum. The roll out of the new Business Support Services provision by SSCL has provided the MPS with 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. o

6. Background/supporting papers

- 6.1. MPS Write Off report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

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

If yes, for what reason:

Until what date:

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 rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION

		Tick to confirm statement (✓)
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.		✓
Legal Advice: Legal advice is not required.		✓
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.		✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.		✓

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

10/07/18

Write off of Irrecoverable Debt

Report by: The Director of Commercial & Finance

1. Supporting Information

- 1.1. 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.
- 1.2 The general rule in the MPS is to recover all debts including salary and 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.
- 1.3 MPS and SSCL staff have 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 that 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 (£3,708.39) all 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.

1.4 In line with the MOPAC Scheme of Delegation and Consent approval is sought from the DMPC to write off £52,251.18 of debts where the debts are considered irrecoverable and £3,364.84 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.

1.5 The values of irrecoverable debts are as follows:

Payroll and pensions (irrecoverable debt)	Write-Off Value (£)
Payroll: overpayments: Bankruptcy / Insolvency / Administration Order	9,059.09
Payroll: overpayments: Lost court case	9,400.70
Payroll: overpayments: Not in MPS interests to pursue	6,473.73
Payroll: overpayments: Custodial	4,360.94
Payroll: overpayments: Untraceable debtor	19,248.33
Pension Payroll: overpayments: Not in MPS interests to pursue	3,708.39
Total Irrecoverable	52,251.18

For context, this is compared with an annual pay budget of approximately £2.4 billion

1.6 There are other instances where a debt may not be entirely irrecoverable but is of a low value 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	Write-Off Value (£)
Payroll: overpayments: Uneconomical to pursue via Small Claims Court	3,364.84
Low value cash discrepancy (under and over payments by trade debtors)	0.00
Unable or uneconomical to pursue	0.00
Total Uneconomical	3,364.84

1.7 The objective must always be to keep write offs to a minimum. Line managers must inform HR Directorate of People and 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 has

provided the MPS with an opportunity to reinforce to officers and staff and their managers their responsibilities in this area.

- 1.8 Going forward the objective is to continue to keep write offs to a minimum. We have rewritten the Overpayments Standard Operating Procedure, which incorporates the addition of new legislation - The Pre-Action Protocol for Debt Recovery introduced on 1 October 2017. The MPS is committed to seek early engagement and communication with the Officer or member of staff in order to mutually agree a repayment plan and avoid placing the individual in any kind of financial hardship. We encourage early engagement and communication between the MPS and member of Staff to help clarify whether there are any issues in dispute. The intent is to enable the MPS and member of staff to resolve the matter and agree a reasonable payment plan without the need to start debt recovery, which could lead to court proceedings. This revised process gives a defined period, normally not more than 30 days when the MPS will move to take court action if there has been no contact with an individual, or 4 months if there is ongoing negotiation with an individual. With the roll-out of PSOP we will take this opportunity to reinforce to officers and staff and their line managers their responsibilities in this area

2 Equality and Diversity Impact

There are no equality and diversity implications to this report.

3 Financial Implications

The financial implications are set out in the report: total debt recommended for write off is £55,616.02

4 Legal Implications

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.

5 Risk Implications

There are no direct risk implications arising from the report

6 Contact Details

Report author: Ian Percival, Director of Corporate Finance
Email: Ian.Percival@met.police.uk;

7 Exempt Appendices and Background Papers

Appendix 1 – Details of irrecoverable debts is exempt from disclosure under Data Protection Section 40 and Commercial Interest Section 43 of the FOIA.

