

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No

meeting date: 22 SEPTEMBER 2009
title: CORPORATE WRITE OFF POLICY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To ask members to consider the approval of a corporate write off policy.

2 BACKGROUND

- 2.1 In June 2007 this committee approved a write off policy for use by the housing and council tax benefit service. No formal policy for the write off of debt is operated in the council other than in this service area.
- 2.2 The proposed corporate write off policy will operate alongside and compliment the council's existing Financial Regulations.

3 INFORMATION

- 3.1 The council's financial regulations have been reviewed and as part of that process it was acknowledged that there was no corporate policy for the write off of debt, other than the thresholds for debt write off contained within the financial regulations.
- 3.2 The corporate write off policy attached at Annex 1 provides a standard approach for services in the review of outstanding debt and any consequential recommendation for write off.
- 3.3 The policy highlights the need for good reporting mechanism within the council, to ensure that where there are outstanding debts, any corresponding service provision should be stopped, unless the council have a statutory responsibility to provide it.
- 3.4 A number of instances where a write off of debt may be considered appropriate are provided in the policy; however this is intended only as a guide. It should be noted that the policy stipulates where a debt is written off when a debtor can not be traced, these debts can be written back on again if the debtor is retraced. Writing off a debt does not negate liability.

4 RISK ASSESSMENT

- Resources – The policy specifies that it is the council's policy to always recover 100% of recoverable debt where this is possible. However, it is inevitably necessary to write off debts in some circumstances, which can impact on the level of service income achieved.
- Technical, Environmental and Legal – The corporate write off policy should be considered alongside the council's financial regulations
- Political – None
- Reputation – Wherever possible the council try to enable payment arrangements with a debtor that are at a level that is realistic and achievable.

5 RECOMMENDED THAT COMMITTEE

5.1 Recommend that committee approve the corporate write off policy.

FINANCIAL SERVICES MANAGER

PF47-09/LO/AC
10 September 2009

Ribble Valley Borough Council



Corporate Write Off Policy September 2009

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1. DEBT RECOVERY AIM

- 1.1. Ribble Valley Borough Council's policy is to recover 100% of recoverable debt in compliance with the law. However, while making all reasonable efforts to maximise the Council's recovery it is sometimes necessary to write off debt.
- 1.2. The council endeavours to ensure that the interests of the general taxpayer are maintained whilst recognising the needs and circumstances of individual debtors.
- 1.3. The council's corporate debt policy and financial regulations should also be considered alongside this corporate write off policy.

2. GENERAL PROVISIONS

- 2.1. Where there is an ongoing liability for a charge due to the provision of a service or there is an ongoing liability for tax or rates, write off of any arrears would not be appropriate.
- 2.2. Liaison with services and good reporting mechanisms should be in place in order to ensure that any service provision is stopped where recovery of the debt is not possible and any arrears are being considered for write off. It must be noted that a service cannot be withdrawn where the council has a statutory responsibility to continue to provide it.
- 2.3. Following the write off of a debt, should any information become available that could lead to the recovery of the debt, then the debt can be resurrected and the write off reversed subject to part or all of the balance being paid.
- 2.4. Where an individual debtor owes the council in excess of £1,000, such debt may be written off only following approval of the Policy and Finance Committee.
- 2.5. Where an individual debtor owes the Council no more than £1,000, the Director of Resources may approve the write off of that debt where there is satisfactory evidence that it is irrecoverable.
- 2.6. The table shown below provides a summary of the action and authorisation required for the different levels of debt.

Category	Action	Authorisation Required
Debts under £15.00 deemed uneconomical to pursue	Monthly system (or manual) report to be prepared with details of amounts written off below £15.00 and passed to the Director of Resources	Reports to be signed off by the Director of Resources
Debts over £15.00 but less than £1,000	Form as attached to be completed and passed to the Director of Resources	Director of Resources
Debts over £1,000	A report to be prepared for Policy and Finance Committee providing details of the debtor and the debt to be written off	Policy and Finance Committee

3. WRITE OFF OF DEBT

3.1. The following outlines the general conditions and circumstances when a debt may be considered for write off. These are not specific to any particular type of debt and are designed to cover the vast majority of debt considered for write off. This list is not exhaustive and there may be instances where it is appropriate to write off debt for a reason other than those stated.

- **Uneconomical to recover:** The cost of recovery is likely to outweigh or equate to a significant proportion of the balance outstanding.
- **Untraceable debtor:** If a debtor can not be found after making all efforts to trace them, the debt and any administration penalty will be temporarily written off. These debts will be written back on again if the debtor is retraced.
- **Uncollectable as recovery options exhausted:** on a few occasions all types of recovery have been attempted and there is no further action that can be taken
- **Bankruptcy/Insolvency:** If a debtor is declared bankrupt/insolvent and it is not possible to recover any monies from the debtor's assets.
- **Deceased:** If the debtor has died and there is either no estate or no available funds from the estate.
- **Time limited debt:** If after the end of six years from the date the debt became due it has not been possible to commence or continue recovery in that period
- **Unrecoverable debt:** Where a debt has been raised and subsequently the charge has been found to be due to 'official error'.

4. POLICY REVIEW

4.1. The write off of debt will be subject to regular audit in order to ensure that the policy and associated procedures have been applied properly and fairly.

4.2. The Director of Resources shall ensure that this policy is reviewed on an annual basis to ensure its effectiveness and also relevance in the case of any legislative changes.

5. COMPLAINTS AND APPEALS

5.1. Where a debtor wishes to complain about any decision made under the terms of this policy they may do so first in writing (assistance can be provided if this is required) to the relevant Service Manager.

5.2. In the event that a debtor's complaint is not resolved by the relevant Service Manager the issue may be escalated to the Director of Resources, following which the debtor would be required to follow the council's official Complaints Procedure



**Ribble Valley Borough Council
Request for Write Off**

Debtor Name	
Reference	
Debt Address	
Current Address (if known)	

Details of Debt	
Description	Amount

Reason for write off

Recovery Action Taken to Date

Recommended by _____ Date _____

Budget Holder _____ Date _____

Director of Resources _____ Date _____