

REVIEW OF WRITE OFF POLICY

Relevant Portfolio Holder	Cllr Roger Hollingworth
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The report proposes an amended policy for the write off of debts due to the authority.
- 1.2 The policy would operate across all debt streams and authority to write off all debts, except those where the write off is being recommended due to hardship, vulnerability or as part of a debt matching arrangement, will be delegated to the Council's Section 151 Officer.
- 1.3 The policy introduces a requirement for information on the level of bad debt write off to be reported to Cabinet on a quarterly basis.

2. RECOMMENDATIONS

- 2.1 **That the revised Write Off Policy included at Appendix 1 together with the delegation to the S151 Officer to write off debts be approved.**

3. BACKGROUND

- 3.1 The write off of bad debts is a necessary function of any organisation which deals with the collection of debt. Effective write off procedures contribute to the efficient management of debt as officers time can be concentrated on monitoring and recovering the collectable debt.
- 3.2. The existing policy for the write off of debt was approved in 2007. A review of the procedures for write offs found that :
 - The process was wasteful in terms of the number of officers and levels of authorisation that are required prior to write off.
 - That the referral of write off for Cabinet approval rarely resulted in authorisation to write off being withheld;
 - That the process of referring debts to Cabinet caused delays to the timely write off of debt;

- Cabinet wrote off debt without any knowledge of the effect of the write off on the provision for bad debt.
- The major impact on the provision for bad debt was the larger volumes of small value write offs and liquidation write offs which were approved at levels below Cabinet.
- The review highlighted that improvements to the efficiency of the write off process could be obtained if revisions were made to the debts which were referred for Cabinet approval and better management information were provided to Cabinet. The improved management information would allow scrutiny of the reasons for write off and the effects of all write off on the provision for bad debt.

4. KEY ISSUES

- 4.1 The revised policy delegates the authority to write off all debts - except those where write off is requested due to hardship, illness or other exceptional circumstances and those being written off as part of a negotiated debt matching arrangement, to the Council's Section 151 Officer.
- 4.2 The process of reporting debts for write off will be simplified and the majority of write offs will be approved on bulk schedules – this will allow for better automation of the write off approval process and provide efficiency to the procedure.
- 4.3 Evidence of all checks carried out prior to write off will be prepared by the officer requesting write off and will be available for inspection at the approval and authorisation stages.
- 4.4 Quarterly monitoring reports will be provided to Cabinet providing a profile of the existing debt by age and the proportion of debt outstanding for that year. The value of debt written off to date (profiled by reason for write off) and the effect of write offs on the bad debt provision.
- 4.5 Information may also be provided on the level of debt which may become subject to write off.

5. FINANCIAL IMPLICATIONS

- 5.1 The policy will operate within the existing provisions for bad debt, the additional monitoring proposed will improve the ability to monitor the appropriateness of those provisions and the total impact of write offs on the provision.

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6. LEGAL IMPLICATIONS

6.1 The are no legal implications.

7. POLICY IMPLICATIONS

7.1 A revised policy for the write off of debt is proposed.

8. COUNCIL OBJECTIVES

8.1 The proposed procedures should enable the Council to improve the process for the write off of debt by clarifying the situations in which debt can be written off and reducing the number of officers involved in the process.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

9.1. There is a risk that recoverable debts may be written off or that debts may be written off without the appropriate checks being carried out. Sample testing off write offs by Internal Audit will identify any weaknesses in procedures. Inappropriate write offs can then be reversed and recovery action recommenced.

10. CUSTOMER IMPLICATIONS

10.1 There are no customer implications.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 There are no equality and diversity implications.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 The revised write off procedure should be more effective in terms of the use of officer time. There are no procurement or asset management implications.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 There are no climate change, carbon implications or biodiversity implications.

14. HUMAN RESOURCES IMPLICATIONS

14.1 There are no human resources implications.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 It is proposed that performance information is reported to the Executive Committee on a quarterly basis.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 There are no community safety implications.

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 There are no health inequalities implications.

18. LESSONS LEARNT

18.1 The process review has identified improvements that could be made to the write off procedure.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 None.

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Deputy Chief Executive/Executive Director – Leisure, Environment and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Finance & Resources	Yes
Head of Legal, Equalities & Democratic	Yes

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Services	
Corporate Procurement Team	N/A

21. WARDS AFFECTED

All Wards.

22. APPENDICES

Appendix 1 - Draft Write Off Policy

23. BACKGROUND PAPERS

Existing Write Off Policy and procedures.

AUTHOR OF REPORT

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