

DEBT RECOVERY AND WRITE OFF POLICY

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 The Write Off Policy (attached at Appendix 1) is proposed which takes account of changes in best practice and streamlines procedures.

2. RECOMMENDATIONS

That Cabinet RESOLVE to authorise the Write Off Policy attached at Appendix 1.

3. KEY ISSUES

- 3.1 A clear Write Off Policy is required to ensure that all services are taking a consistent approach to the write off of irrecoverable debt. The proposed Policy reflects new working practice and changes to the reporting regimes agreed by Overview and Scrutiny.

Financial Implications

- 3.2 The value and details in relation to write off are reported to Overview and Scrutiny Committee on an annual basis, along with other relevant debt management information.
- 3.3 Provision is made within the Council's budgets to allow for bad debts to be written off. The write offs are always well within the existing provisions. The current bad debts provisions are as follows:

	£
Housing benefit Overpayments	485,363
NDR	224,907
Council Tax	214,937
Sundry Debtors	31,493

Legal Implications

- 3.4 Legal advice is sought where appropriate in respect of the recovery of outstanding debts and action taken in accordance with procedures dependent on the debt in question

Service / Operational Implications

- 3.5 All possible recovery action is taken in respect of debts before write off of the debt is considered.
- 3.6 The vast majority of write offs are agreed by officers of the Council, at a level appropriate to the value and nature of the debt.
- 3.7 In some cases the Debtor's circumstances are such that it is not appropriate for council to pursue the debt further, although normal recovery action may not have been exhausted. It may be that it is not felt to be appropriate to continue with recovery action due to the debtor's mental or physical health or due to particular circumstances of the case, which indicate extreme hardship.
- 3.7 Current working practice is for these to be agreed for write off by the Cabinet. It is proposed that in future these be agreed for write off by the Director of Finance and Corporate Resources, in conjunction with the Portfolio Holder for Finance and Financial Support. It is relatively rare that a debt does not fit any other category within the Write Off Policy.
- 3.8 In some cases a debt matching agreement may be put in place. This is where an agreement is made with the debtor whereby if payments are made under an agreed payment plan the Council will write off a portion of the debt, either on receipt of each payment or where payments have been made for a specified period of time. Debt matching is only undertaken where there are no prospects of recovering the debt in full and an assessment of the debtors income indicates that any payment arrangement would extend beyond three years.

Again current practice would be for these to be agreed by Cabinet. It is proposed, in order to speed up the process in such cases, debt matching arrangements be approved by the Director of Finance and Corporate Resources.

Customer / Equalities and Diversity Implications

- 3.9 The Council's Write Off Policy makes provision for customers to be treated fairly and equally.
- 3.10 The revised Policy allows for checking of debts across all Council systems to ensure that customer's can be offered the correct level of support and to streamline the process of debt recovery.
- 3.11 Officer endeavour to provide support to help the individual to become financially independent. Where a customer is identified as being in debt

officers try to work with them to provide budgeting, money management and debt advice.

4. RISK MANAGEMENT

- 4.1 Failure to authorise the write off debts results in unrecoverable debts remaining on our financial systems. This is not in accordance with audit requirements

5. APPENDICES

Appendix 1- Draft Write Off Policy

6. BACKGROUND PAPERS

There are no background papers with this report.

AUTHORS OF REPORT

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