

**EXECUTIVE
COMMITTEE**

7th June 2016

WRITE OFFS APRIL 2015 – MARCH 2016

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton - Head of Customer Access & Financial Support
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 The report sets out data in respect of the write off of unrecoverable debts in 2015/16.
- 1.2 The report also recommends a revised Write Off Policy which takes account of changes to best practice and streamlines the administrative procedures.

2. RECOMMENDATIONS

The Executive is requested to RESOLVE that:

The revised Write Off Policy be adopted and the contents of the report in respect of the level of write offs be noted.

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 revised policy reflects new working practices and administrative procedures and ensures both a streamlined process as well as appropriate reporting of the write off of debt.

Financial Implications

- 3.2 Provision is made within the Council's budget to allow for bad debts to be written off. The value of write off is well within the existing provisions ^{(note}

¹⁾. The current bad debts provisions are as follows:

	£000's
Council Tax	340
NDR	495
Housing 653	
Sundry Debtors	196
Benefits	<u>823</u>
Total	<u>2,507</u> ^{note 2}

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Note1 : the provisions are based on the 1.4.2015 figures as the accounts for 2015/16 are currently being closed. Updated figures will be available at the meeting.

Note 2: the provisions above are set aside to reflect the costs associated with RBC element of the debt. The figures as provided within the Appendices show the total debt including that funding by the precepting partner agencies

- 3.3 Details of written off debts during the period for Council Tax, Non Domestic Rates, Former Tenant Arrears and Overpaid Housing Benefit are attached at Appendix 1. A total of £452k of unrecoverable debt was written off during this financial year. This compares with £284k in 2014/15.
- 3.5 Fluctuation in the value of write offs is due to the timing of write off action being taken and does not indicate a trend. A debt is only written off when officers are confident that there is no further economical action that can be taken to recover the debt, and as such there is no timetable for the write off of debt.
- 3.6 Due to challenges presented by the introduction of a new finance system there has been no write off of sundry debts during this period. Some of the debts migrated from the outgoing system were exceedingly old and officers will be reviewing whether continuing to take recovery action is appropriate and/or cost effective in respect of these old debts.
- 3.7 It is important to note that officers write back debts where information later comes to light that enables further recovery action to be taken.

Legal Implications

- 3.8 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

- 3.9 All possible recovery action is taken in respect of debts before write off of the debt is considered.
- 3.10 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.
- 3.11 In very rare 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.

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- 3.12 Current working practice is for these to be agreed for write off by the Executive. It is proposed that in future these be included as part of the annual report of write offs as presented to Executive but that the formal write off is agreed by the Director of Finance and Corporate Resources, in conjunction with the Portfolio Holder for Finance and Financial Support.
- 3.13 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. Over the last few years there have been no debt matching agreements in place but this remains a valuable approach to support residents who are in debt.
- 3.14 Again current practice would be for these to be agreed by the Executive. It is proposed, in order to speed up the process in such cases, that debt matching arrangements are included within the annual report but that approval is agreed by by the Director of Finance and Corporate Resources.
- 3.15 The revised policy makes these adjustments to the authorisation levels reducing the need to bring individual cases to the Executive Committee. Details of all write off's would continue to be reported as now via an annual report, with specific details in respect of any discretionary write offs agreed during the year being provided.
- 3.16 The revised policy has been simplified to make it easy for staff to use in practice. It is in line with national best practice, and audit requirements.

Customer / Equalities and Diversity Implications

- 3.17 The Council's Write Off Policy makes provision for customers to be treated fairly and equally.
- 3.18 The revised Policy allows for checking of debts across all Council systems to ensure that customers can be offered the correct level of support and to streamline the process of debt recovery.
- 3.19 Officers 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.

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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 – Write offs April 2015 – March 2016

Appendix 2 – Proposed revised Write Off Policy

6. BACKGROUND PAPERS

There are no background papers in relation to this report.

AUTHORS OF REPORT

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Appendix 1

Write Offs of Council Tax - April 2015 – March 2016

Reason	01/04/15 - 31/03/16
Gone away	8932.42
Deceased no funds in estate	24,797.30
Bankruptcy	68,154.67
Uneconomical to pursue	10,347.06
Admin Order/IVA	199.18
Automatic w/o +1/-1p	-0.12
Balance under £5.00	995.51
Other	24,249.26
Credits - unable to refund	-4,205.88
Total	133,469.40

Write Offs of Non-Domestic Rates - April 2015 – March 2016

Reason	01/04/15 - 31/03/16
Liquidation/Winding up	180,632.59
Uneconomical to pursue	265.81
Automatic W/O +1p/-1p	0.01
Credits - unable to refund	-6,105.04
Total	174,793.37

Write Offs of Former Tenant Arrears (HRA)
April 2015 – March 2016

Reason	£
Gone away	28,806.75
Uneconomical to pursue	8,812.03
Tenant deceased	29,275.00
Total	66,893.78

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Write off of Overpaid Housing Benefit – April 2015 to March 2016

Reason	Amount £	No. of cases
Possible Write back	309	1
Deceased	6,014	4
Debt Relief Order	17,064	3
Bankruptcy	2,100	1
Not reasonable to recover	37,142	18
Uneconomic to recover	6	1
No prospect of recovery	9,835	16
Compassionate	4,574	2
Totals	77,044	46