

Write Off Policy

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Related documents (appendices etc)			

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1 Policy Purpose

- 1.1 A Write Off policy is required by the Council to ensure the consistent treatment of debts. This document should be read in conjunction with the Council's Recovery policy which outlines the stages prior to a debt being considered for write off.

2 Policy Statement

- 2.1 The Council has a legal duty to ensure cost-effective billing, collection, and recovery of all sums due to the Council.

3 Policy Objective

- 3.1 The key objectives of this policy is to:
- Enable debts to be written off in a timely and efficient manner.
 - Provide a framework that sets out the criteria for writing off debt.

4 Legal Framework for Write Offs

- 4.1 Section 151 of the Local Government Act 1972 requires that local authorities make arrangements for the proper administration of their financial affairs. Part of these arrangements includes establishing a Policy for the writing off of irrecoverable debts. These arrangements are underpinned by the Constitution of the Council (Part 4H: Financial Regulations).

5 Authorisation Levels

- 5.1 Table 1 shows the authorisation levels for debt write off as per paragraph D.2.9 of the Constitution of the Council (Part 4H: Financial Regulations):

Table 1 – Authorisation Levels

NNDR (Business Rates), Council Tax , Benefit, Sundry Debt (including Housing Benefit Overpayment) and Council Tax Reduction excess payments.	
Individual amounts less than £1,000	Chief Finance Officer
Individual amounts of £1,000 and over	Executive Decision Request authorised by the Deputy Leader
Cumulative amounts of £5,000 and over	Executive Decision Request authorised by the Deputy Leader

6 Outstanding Debts

- 6.1 Each year debts for Council Tax, Business Rates, Sundry Debts and Housing Benefit overpayments are categorised by aged debt analysis to determine the Council's bad debt provision.
- 6.2 The Council will always attempt to recover the full balance of debts levied.
- 6.3 A detailed annual recovery timetable is in place to ensure that debts due are recovered in a structured way.
- 6.4 Whilst every effort is made to ensure monies due to the Council are recovered, it is inevitable that some debts will be uncollectable either because of an individual's personal circumstances, or where a debtor leaves and no forwarding address can be obtained.
- 6.5 The guidelines outlined in the Recovery policy ensure that the Council:
 - 6.5.1 ensures all debtors are treated equally and fairly;
 - 6.5.2 ensures timely and consistent action is taken in recovery of all debts;
 - 6.5.3 ensures that action is appropriate to the level of debt and maximises use of resources;
 - 6.5.4 ensures that each case is reviewed, and that debt and benefit advice is given.
- 6.6 The value of debts written off will be reflected in the accounts of the service raising the debt.
- 6.7 Where circumstances change and it becomes possible to collect the debt then it will be written back on and pursued.

Write Off guidelines for Council Tax, Business Rates, Sundry Debt, Overpaid Housing Benefits and Council Tax Reduction Excess Payments.

- 1 The following guidelines will be adopted when determining whether a debt should be written off:**
 - 1.1 On receipt of notification of bankruptcy or liquidation, a claim is lodged and the debt is written off. The debt will be re-instated if any monies are forthcoming.
 - 1.2 The debtor is deceased and there are no assets in the estate.
 - 1.3 The debt that is part of a composite agreement with other creditors (will usually be as a result of an administration order, Debt Relief Order, IVA or CVA).
 - 1.4 The debt is over six years old and no Liability Order has been granted (subject to the decision of the 'Regentford' and 'Encon' cases in the case of Business Rates debts).
 - 1.5 Consideration of relevant case law and the Limitation Act 1980 for both Council Tax and Business Rates debts.
 - 1.6 Internal and external tracing checks will be made to identify a forwarding address. Cases returned 'no trace' that are unable to be collected will be written off.
 - 1.7 In respect of debts left by persons who have moved outside of England or Wales, summonses will be issued and a liability order obtained. The debtors will be advised of the granting of the liability order and requesting payment in full. If this action proves to be unsuccessful, the debt will be written off.
 - 1.8 Debts falling below the court costs will not be passed to the external bailiff, as the costs for the issue of a summons would exceed the debt. If further debts become due then the whole amount may be passed to the bailiffs. In this instance this relates to the costs that were debited as a result of the summons being produced. We have to be mindful of other debts that maybe owed by the debtor.
 - 1.9 Sundry Debt Invoices below £100 and have reached legal stage may be passed to a debt collection agency. If they are returned they will be written off.
 - 1.10 In exceptional cases, debts incurred by vulnerable debtors such as the elderly, frail, disabled and terminally ill, will be written off. These cases will be individually assessed.

- 1.11 Debts remitted at the Magistrates Court at committal hearings will be written off.
- 1.12 As a result of a vacation, debit balances below £10 will be written off, as uneconomical to pursue. This will be done quarterly.
- 1.13 Where the debtor has left no forwarding address and the account is in credit, the credit will be written back. The credit can always be written back and refunded if requested by the taxpayer/ratepayer at a later date. This will be done annually prior to end of year processing.
- 1.14 For Housing Benefit overpayments deemed as 'Irrecoverable' an individual report will be incorporated as part of the write off schedule to support the decision made.
- 1.15 For Council Tax Reduction excess payments deemed as 'irrecoverable' an individual report will be incorporated as part of the write off schedule to support the decision made.

2 Credit Balance Write Offs

- 2.1 Where accounts are closed and there is a credit balance on an account the amount will be repaid by cheque where the address is known. In some cases accounts are closed with no forwarding address and in these cases it is necessary to try and locate the account holder.
- 2.2 After a period of 3 months these amounts should be written off if the account holder cannot be located. If a request is made for refund at a later stage the amount can be written back on and repaid.

3 Conclusion

- 3.1 The above guidelines will be general practice, but authorisations of individual write-offs will be undertaken in accordance with the authorisation limits set out in section 5 of the Policy.
- 3.2 Recovery action will be taken in accordance with the Recovery Policy, and every effort will be made to collect the debt before considering write-off. If new information becomes available that changes the circumstances of any individual case, the debt can be re-instated and pursued.