

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 13 SEPTEMBER 2022
title: CORPORATE DEBT WRITE OFF POLICY
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To seek approval from Committee for the reviewed and updated Corporate Debt Write Off Policy.
- 1.2 Relevance to the Council's ambitions and priorities:
 - This report contributes to the council's ambition to be a well-managed council providing efficient services based on identified customer needs.

2 BACKGROUND

- 2.1 The Council has a Corporate Debt Write Off Policy in place which must be followed in respect of all debts which are being considered for write off.
- 2.2 The policy compliments the Council's Financial Regulations and also the Corporate Debt Policy.
- 2.3 The policy has not been formally reviewed for some time, and whilst the fundamentals of the policy remain the same, it is good practice for our policies to be reviewed regularly, and ideally on an annual basis.

3 REVIEW OF THE CORPORATE DEBT WRITE OFF POLICY

- 3.1 There are very few changes proposed following the review, only clarifying the detail that is already within the policy.
- 3.2 Once approved, the policy will be circulated to all relevant staff.
- 3.3 The Policy is also included under Part Six of the Constitution and so will need to be approved by Council.

5 RISK ASSESSMENT

- 5.1 The approval of this report may have the following implications
 - Resources – There are no fundamental changes to the policy and so there should be no major resources risks aside those as a result of the previously approved policy
 - Technical, Environmental and Legal – The recovery of debt would always follow the Human Rights Act 1998 and the Equality Act 2010. The policy that is being considered here reflects the stage after all other manner of debt recovery has been pursued and deals with the procedural side of write off for such debts.
 - Political – not applicable
 - Reputation – Transparency in our procedures can only enhance the council's reputation.

- Equality and Diversity – as previously referenced, the recovery of debt is covered under the council's Corporate Debt Policy. The recovery of debt would always follow the Human Rights Act 1998 and the Equality Act 2010. The policy that is being considered here reflects the stage after all other manner of debt recovery has been pursued and deals with the procedural side of write off for such debts.

6 RECOMMENDED THAT COMMITTEE

6.1 Approve the reviewed Corporate Debt Write Off Policy

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF33-22/LO/AC

18 August 2022

BACKGROUND WORKING PAPERS:

For further information please ask for Lawson Oddie, extension 4541



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

CORPORATE DEBT WRITE OFF POLICY

September 2022

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 <u>proposed to be</u> 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 <u>at Annex 1</u> to be completed and passed to the Director of Resources <u>with supporting documentation.</u>	<u>Form to be signed off by the</u> 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, <u>with reasons for the recommended action.</u>	Policy and Finance Committee

3. DEBT WRITE OFF

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 to the relevant Head of Service.

5.2. In the event that a debtor's complaint is not resolved by the relevant Head of Service 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 Debt 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
<i>Please attach copies of all relevant documentation</i>

Recommended by _____ Date _____

Reviewed by _____ Date _____

Director of Resources _____ Date _____