



## **Chichester District Council**

### **Write Off Policy**

(Approved September 2017)

## Write off Policy

This write off policy is linked to Corporate Debt Recovery Policy

The key objectives from the Corporate Debt Recovery Policy should be considered and the following key messages highlighted:

1. The preference is for services to gain upfront payment for any new services that require payment, and not rely on invoices. Payment before service (where appropriate and lawful).
2. Invoices to be paid by our preferred payment method of direct debit when the customer has more than a one off bill (i.e. where monthly charge or instalments are appropriate), or standing order where the direct debit facility is not available.
3. All Customer Accounts (excluding Council Tax, Business Rates, BID invoices and Car parking enforcement notices) to be paid within 10 working days where appropriate, with a first reminder letter after 21 days of non-payment, thereafter the recovery process will devolve based on the service delivered and will involve external debt collection agencies (DCA).
  - a. Standard Reminder
    - Reminder 1 – after 21 days
    - Reminder 2 – after a further 14 days
    - Recovery 1 – 7 days warning of referral to DCA
    - Recovery 2 – after 10 days refer to DCA
  - b. Trade Waste
    - Reminder 1 – after 21 days
    - Service suspension warning – after a further 10 days
    - Service suspended – after 7 days
  - c. Letter before action will be triggered by Revenue Recovery Team when all other avenues have been exhausted.
4. Promotion of cheaper self-service payment methods such as using the internet, automated telephone payments, and direct debit, as the Council has moved away from accepting cash and cheques.
5. Service teams can agree delayed payment or instalment plans up to and including the second reminder stage e.g. for customers on the standard recovery route this will be a maximum of 35 days after the invoice was issued, any later the matter must be referred to the Revenues Recovery Team to agree the approach.

6. Once recovery action is started the Revenues Recovery team is responsible for collecting all debt types (excluding parking fines, see paragraph 7) to ensure consistency, fairness, transparency and efficiency. They are responsible for agreeing any payment arrangements with the customer, subject to any necessary discussions with the relevant service e.g. the Estates Service to avoid any unintended acceptance of a breach of a lease.
7. The recovery and enforcement of parking fines are subject to the Civil Enforcement of Parking legislation and managed by the Car Parking Service. The parking fines are normally due for payment within 28 days of being issued, but the service operate a payment plan policy for individuals where exceptional circumstances apply, which is consistent with the Council's Corporate Debt Recovery Policy.
8. Publish and promote our corporate debt recovery policy and steps we will take to recover debt, so our customers understand the consequence of non-payment.
9. Report regularly to the Corporate Management Team, in order that the authority is aware of the financial risk of non – collection for the authority for its income streams. Aged debt report annotated with accounts referred to the Revenue Recovery Team to be compiled.

Outcomes to be achieved by the Write off Policy are:

- To minimise the level of write off necessary (as part of the corporate debt strategy)
- Minimise the level of resources provided for bad and doubtful debts
- Standardise the write off process across all income and debt areas
- Avoid the use of subjective judgement and criteria when considering cases for write off, by providing clear objective criteria and procedures
- Introduce effective performance management arrangements
- Help focus resources on potentially recoverable debts (by disciplined writing off of irrecoverable debts)
- Deliver a clear message that it expects people to pay the amounts properly due by treating write offs as an exception (not the rule).

### Write offs

The Council will make every effort to collect all monies due, in order to maximise the resources it has to provide good quality services to its community. However, it also recognises that there will be occasions when debts become irrecoverable and will need to be considered for write off. In such circumstances prompt and regular write off of such debts is good practice. This will allow for a correct calculation of bad debt

provision each year, and avoid wasting resources chasing debt where there is no realistic prospect of recovery.

The Council will seek to minimise the cost of write offs to the local taxpayer by taking all necessary action to recover what is due. All debts will be subject to full collection, recovery and legal procedures as outlined in the Corporate Debt Recovery Policy.

Write off is only appropriate where:-

- The demand or invoice has been raised correctly and is due and owing; and
- There is a justified reason why the debt should not be pursued further.

The definition of irrecoverable debt is “a debt that will never be paid to the person owed, and is considered to be uncollectable for whatever reason, and should therefore be written off.”

### Justified Reasons

It is not possible to list every scenario which could make a debt suitable for write off; however, the following factors could be appropriate depending on the circumstances. The Revenues Recovery Team is responsible for recommending whether a debt is suitable for write off to the Head of Finance and Governance Services.

The most common circumstances where a debt may be written off have been categorised as follows:-

Reason	Description
Insolvency	Debtor is the subject of bankruptcy, individual voluntary arrangement, liquidation, company voluntary arrangement & administration order or administrative receivership proceedings or has ceased to trade or is subject to a Debt Relief Order.
Unenforceable	Debtor is overseas or the debt is over 6 years old
Abscond	Tracing agents/search engines or other methods have been unable to find the debtor.
Uneconomical to collect	Balance is too small for further action or the costs associated with collecting the outstanding debt is prohibitive.
Uncollectible	Custodial sentences/remitted debts/system rounding/where all due process has been undertaken to recover the debt (as detailed in procedures), but despite using all available / appropriate recovery options, the debt is still deemed uncollectible.
Deceased	Insufficient funds in an estate to settle the debt.
Vulnerable	Where a debtor has no realistic means of paying the debt due to vulnerability, and all due process as detailed in procedures, including third party support, has been followed.

Should a debtor subsequently be traced a debt will be re-instated if considered economically viable to recover and it is within the statute for limitations.

In cases where the debtor is jointly and severally liable for the debt with another party, recovery action will continue against all liable individuals and only if this action fails, will monies be recommended for write off.

### Credits

- **Customer Accounts:** There will be instances where the Council will need to write off a credit that remains on a closed account. Prior to processing any refund to the customer, checks will be made for any other outstanding debts to the council. It may be necessary to obtain the customer's permission to transfer the credit to another outstanding debt, though normally every reasonable effort must be made not to refund the credit whilst other debt is outstanding.
- **Council Tax & Business Rates:** Are refunded by the Revenues billing team. Credits which cannot be traced or refunded which are over 6 years old are transferred to the General Fund Reserve.

Once all checks have been carried out; not knowing the whereabouts of the creditor (or not having sufficient information to determine how or when a credit is to be refunded) will be an acceptable reason for writing off the credit. A record will be kept should the creditor subsequently be traced and the credit will be repaid, if economic to do so.

### Procedure & Authority for Write Off

Under the Council's Constitution the Head of Finance and Governance Services (Section 151 Officer) has delegated authority to approve the write off of outstanding accounts, which are considered to be irrecoverable, subject to members being informed of the total amount of such write offs each year.

The Revenue Recovery Team, after any necessary consultation with the Council's Legal Service, will submit a quarterly schedule to the Head of Finance and Governance to request any debts it considers to be irrecoverable in accordance with the Council's policies for Corporate Debt Recovery and Write Offs.

Services will be notified of debts recommended and approved for write off.

In considering the write off of debts the Revenue Recovery Team will be mindful of statutory limitations relative to the type of debt e.g. commercial and residential property lettings, arrears on general fund housing etc.

Under the Constitution ultimately decisions on what classes of debt should be written off is a matter for the Head of Finance and Governance (or their deputy S.151 Officer).

To achieve an efficient write off process the following delegation is adopted by the Head of Finance and Governance to clarify the precise elements which he authorises as being suitable for write off by other officers, though all write off decisions will continue to be recorded and reported to members as presently.

The process to notify all write offs to members is via an annual report on Modern.gov, which is prepared after the financial year end.

The Head of Finance and Governance Services has agreed a scheme of delegated authority to write off debts in accordance with the schedule below:

1. For debts up to but not exceeding £100 (including aggregated debts for one debtor), the delegated authority rests with the Revenues Manager.
2. For debts greater than £100 but not exceeding £1,000 (including aggregated debts for one debtor), the delegated authority rests with the Revenues and Benefits Manager or Accountancy Services Manager.
3. For debts greater than £1,000 (including aggregated debts for one debtor) the write off request is submitted to the Head of Finance & Governance Services for approval. (This action can also be undertaken by the Accountancy Services Manager as the Deputy Section 151 officer.)

The above procedures will also apply to how credit balances are treated.