

Chichester District Council

THE CABINET

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Corporate Debt Recovery Policy and Write-Off Policy

1. Contacts

Report Author

Helen Belenger - Accountancy Services Manager

Telephone: 01243 521045 E-mail: hbelenger@chichester.gov.uk

Cabinet Member

Philippa Hardwick - Cabinet Member for Financial and Governance Services

Telephone: 01428 642464 E-mail: phardwick@chichester.gov.uk

2. Recommendation

- 2.1. **That the Cabinet approves the updated Corporate Debt Recovery Policy and new Write-off Policy.**

3. Background

- 3.1. In October 2014 the Cabinet approved the Council's Corporate Debt Recovery Policy which was drafted following the Taking Control of Goods (Fees) Regulations 2014 coming into force on 6 April 2014. The aim of this Government legislation was to clarify the law, introduce a transparent fee structure and regulate the enforcement industry.
- 3.2. As a result of the legislation, debtors (who owe money to a third party) and creditors (who are owed money) should now easily understand their rights and be assured that there is no scope for unlawful force when enforcing debts. Standards of behaviour are guaranteed by a mandatory training regime and there are now appropriate standards for entering the enforcement profession (previously known as the bailiff profession). The public now get better information and guidance, so that they know where to go for help when in financial difficulties, and what their rights are when something goes wrong.
- 3.3. In view of the legislation, the Corporate Debt Recovery Policy was developed to promote a co-ordinated approach in the Council at an early stage in the recovery process so that debtors are better able to manage multiple debts to the Council, and it also acknowledged that vulnerable people may need extra assistance in dealing with their financial affairs.
- 3.4. To ensure a consistent approach the Revenues Recovery Team manages the recovery and enforcement of all unpaid corporate debts with the exception of parking fines, which 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.

- 3.5. The Council raised invoices of over £141.2m in the year (£132.5m in 2015-16), and wrote off debts of £686,944 in 2016-17 (£753,443 in 2015-16), and as at 31 March 2017 the Council held the following provisions for bad debts:

	£'000
Business Rates including costs	365
Council Tax including costs	408
Housing	309
Sundry Debtors	161
Housing Benefit Overpayments	2,026
Total	3,269

4. Outcomes to be Achieved

- 4.1. That the Corporate Debt Recovery Policy remains up to date and relevant.
- 4.2. That the Council has a clear and transparent policy for the write off of debt which is deemed to be uncollectable.

5. Proposal

- 5.1. As the Corporate Debt Policy has been unchanged since it was approved in 2014, some relatively minor amendments have been made and these are tracked in the document attached in Appendix 1.
- 5.2. The Corporate Debt Policy does not consider what happens to any debt that is considered to be uncollectible and in order to address this gap and improve transparency, a new Write-off Policy has now been developed. The aim of this policy is to clearly set out when a debt can be determined as uncollectible, and so considered for write off.
- 5.3. The Council's Constitution states, (under Part 3, Item 6 Page 73), that the Head of Finance & Governance Services has the delegated authority to "Write-off of outstanding accounts, which are considered to be irrecoverable, subject to members being informed of the total amount of such write-offs". Members are informed of debts written off in the annual debt write off report posted on Modern.gov, and the report for the financial year 2016-17 is available now.
- 5.4. The proposed Write-off Policy is detailed in appendix 2, the aim of which is to clearly set out under what circumstances a debt is deemed to be irrecoverable so that the Revenue Recovery Team can submit the debt for write off approval by the Head of Finance & Governance Services, or specific officers authorised to approve smaller debts for write off.

6. Alternatives Considered

- 6.1. It is considered that having in place corporate wide policies for both the recovery process for money owed to the Council, and a write off policy are essential to ensure that there is clear and transparent process for debtors to understand, and when a debt is considered to be irrecoverable and so can be written off. This ensures that the approach is fair and consistent for all income streams as debtors may have arrears with more than one service department of the Council.

7. Resource and Legal Implications

- 7.1. The adoption of the amended policy, does not in itself have any resource implications, but aids transparency and understanding about the procedures and processes relating to debt recovery and write off protocols within the Council. This is because, as part of the Council's budget process the bad debt provision is reviewed for all its aged debt and the provision is adjusted as necessary. Provisions are also reviewed during the production of its statutory final accounts, to consider the debts written off during the year and whether the bad debts provisions remain sufficient or not.
- 7.2. Both these policies will promote good practice and a consistent approach in the recovery of debts and when the Revenue Recovery Team consider it is appropriate to recommend the write off any debts that are considered to be irrecoverable, after any necessary consultation with Legal Services.

8. Consultation

- 8.1. Consultation has been carried out with a number of services to update the existing Corporate Debt Recovery Policy and the drafting of the new Write off Policy. These included the exchequer team, revenues and benefits service, estates, and legal Services, plus the Head of Community Services from a financial inclusion viewpoint.
- 8.2. The Corporate Governance and Audit Committee considered the documents at their meeting on 29 June 2017, and made a number of recommendations which have been reflected in the documents now for the Cabinet to consider and approve.

9. Community Impact and Corporate Risks

- 9.1. The Corporate Debt Policy has provided debtors with the assurance that the Council recognises that some individuals and commercial organisations can have problems paying and that the Council aims to provide assistance to help them meet their obligations.
- 9.2. This Policy in no way promotes a two tier system, as there will always be customers who pay their bills on time and those who don't. The policy was established to support individuals and commercial organisations to deal with their debts, as they would still be expected to pay what is due.
- 9.3. The aim of the write off policy is to set out clearly when the Council will consider writing off debts it considers to be irrecoverable. However, should a debt need to be re-instated because the reason for write-off is no longer valid e.g. absconded debtor is subsequently found or assets identified, then the Council will reinstate the debt if appropriate to do so and within any time limitations.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change		X

Human Rights and Equality Impact An updated Equalities Impact Assessment has been carried out and has concluded that these policies will have a positive impact on some individuals with protected characteristics and a neutral effect on other groups.	X	
Safeguarding		X

11. Appendices

- 11.1. Appendix 1 – Amended Corporate Debt Recovery Policy
- 11.2. Appendix 2 – Write-off Policy

12. Background Papers

- 12.1. None