

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 13 June 2011

PART A

AGENDA ITEM

6

Title: ***HARMONISED WRITE-OFF PROCEDURES***

Report of: Head of Revenues & Benefits

1. **SUMMARY**

1.1 This report recommends that harmonised write-off procedures be recommended to the two Councils.

2. **RECOMMENDATIONS**

2.1 That the harmonised write-off policy and procedures attached at Appendix 1 be recommended to the two Councils.

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Report approved by:

Tricia Taylor – Executive Director Resources – Watford Borough Council

David Gardner – Director of Corporate Resources & Governance – Three Rivers DC

3. DETAILED PROPOSAL

- 3.1 Three Rivers and Watford have historically had individual write-off policies each meeting their individual financial standing orders and schemes of delegation.
- 3.2 In an effort to harmonise the policies and procedures the attached document (Appendix I) has been drafted so that the service can work to one harmonised procedure with parity over procedure and levels of authorisation.
- 3.3 The attached procedure has been discussed and agreed at the Shared Service Management Team on 7 April 2011.
- 3.4 Whilst the Joint Committee will, by approving this report, by agreeing to the parameters set out, it will still be the individual authority's responsibility to agree the policy and amend delegations as appropriate.

4. IMPLICATIONS

4.1 Policy

- 4.1.1 The recommendations in this report are within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council.

4.2 Financial

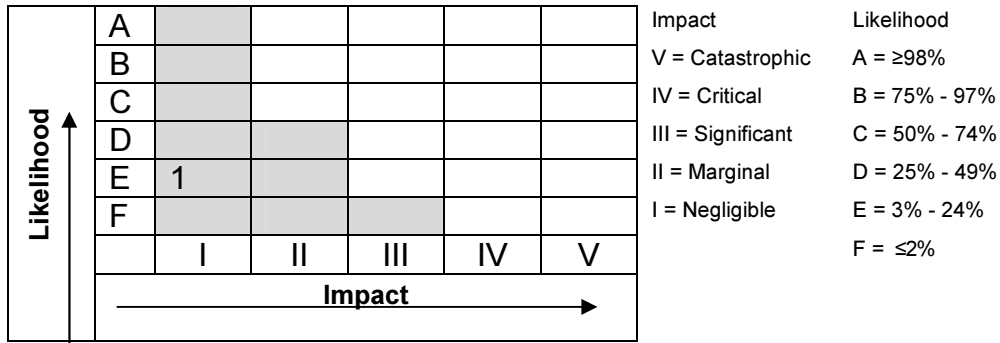
- 4.2.1 There will be no financial issues with the approval of this report. However, each authority will need to agree that the financial limits are acceptable and amend any delegatory powers as they see fit.

4.3 Risk Management and Health & Safety

- 4.3.1 There are no risks to the Joint Committee in agreeing the recommendation.
- 4.3.2 The following table gives the risk that would exist if the recommendation is rejected, together with a scored assessment of its impact and likelihood:

Description of Risk		Impact	Likelihood
1	Lack of clarity created due to two separate write-off policies will create an unsatisfactory inconsistent approach	I	E

- 4.3.3 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



4.4 **Equalities**

4.4.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? Yes

Did the relevance test conclude a full impact assessment was required? No

Appendices

- 1 Harmonised write-off policy

Background Papers

No papers were used in the preparation of this report.

**Watford & Three Rivers Councils
Revenues & Benefits Shared Service**

Write off Policy & Procedures

April 2011

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1. Overview

1. The Revenues & Benefits Shared Service has individual write off policies and procedures for the following debt streams:

Council Tax – Appendix 1

NNDR / Business Rate – Appendix 2

Housing Benefit Overpayments – Appendix 3

Sundry Debts – Appendix 4

2. An equality impact assessment has been completed for this document and is attached as Appendix 5.
3. This write off policy and associated procedures are written in accordance with the Financial Procedure Rules of both authorities as follows:

Responsibility of the Chief Financial Officer (s151 officer)

- a. to agree arrangements for the collection of all income due to the Council and to approve procedures & documentation.
 - b. Where debt is recovered centrally, to establish and initiate appropriate procedures, including legal action where necessary, for debts that are not paid promptly.
 - c. To agree the write-off of bad debts up to an approved limit in each case and refer larger sums to the Executive / Cabinet.
 - d. To approve all debts to be written off in consultation with the relevant chief officer and to keep a record of all sums written off up to the approved limit and to adhere to the requirements of the Accounts & Audit Regulations 2003
 - e. To obtain the approval of the Executive / Cabinet in consultation with the relevant Chief Officer for writing off debts in excess of the approved limit
 - f. To ensure that appropriate accounting adjustments are made following write-off action
4. The approved limits are set out in the following table. They apply to individual debtors and not debts.

Debt	Approval Limit	Level 1 debt 0 - £500	Level 2 debt £501 - £3000	Level 3 debt £3001 and more
Council Tax		Head of Revenues & Benefits	S151 Officer	Executive / Cabinet
Business Rate		Head of Revenues & Benefits	S151 Officer	Executive / Cabinet
Sundry Debtor		Head of Revenues & Benefits	S151 Officer	Executive / Cabinet
Housing Benefit Overpayment		Head of Revenues & Benefits	S151 Officer	Executive / Cabinet

5. These limits will not apply in the case of debts for which there is no legal recourse for recovery, i.e. irrecoverable debts due to the insolvency of the debtor or death of the debtor for which there are no assets.
6. Writing off a debt as irrecoverable must be a last resort. All methods of legal recovery processes must have been exhausted first.
7. All irrecoverable write-offs must be made in accordance with the individual procedures as set out in the relevant appendix.

2. Writing off level 1 debts

1. These are debts that can be written off with the approval of the Head of Revenues & Benefits
2. All debts less than the approval limit £500.00 will be written off on a monthly basis.
3. All debts will be contained in one document per fund together with any relevant supporting documentation.
4. The supporting documentation will be as outlined in the relevant appendix.
5. A debt will not be considered to have been written off until it has been authorised by the Head of Revenues & Benefits
6. All write-off documentation will be kept by the Revenues Manager for retention for a period of two years. A total debt figure will be maintained.
7. The fact that a debt has been written off does not exclude it from being re-raised if new information comes to light as to the debtor's whereabouts.
8. Annual write-off of small debit & credit balances for closed accounts will be completed as part of the year end process. The figure for this will be no more than £10.00

3. Writing off level 2 debts

1. These are debts that can be written off with the approval of the Section 151 officer of the relevant authority
2. All debts less than the approval limit £3000.00 will be written off on a quarterly basis.
3. All debts will be contained in one document per fund together with any relevant supporting documentation.
4. The supporting documentation will be as outlined in the relevant appendix.
5. A debt will not be considered to have been written off until it has been authorised by the Section 151 officer.
6. All write-off documentation will be kept by the Revenues Manager for retention for a period of two years. A total debt figure will be maintained.
7. The fact that a debt has been written off does not exclude it from being re-raised if new information comes to light as to the debtor's whereabouts.

4. Writing off level 3 debts

1. These are debts that require the approval of the Executive or Cabinet for them to be written off as irrecoverable.
2. All debts will be written off on a quarterly basis and will be presented in a report to be submitted by the Head of Revenues & Benefits.
3. The report will contain all relevant supporting documentation that will assist the Executive / Cabinet in their decision making process and will be written in accordance with the respective Council's requirements
4. The supporting documentation will be as outlined in the relevant appendix.
5. A debt will not be considered to have been written off until it has been approved by the Executive / Cabinet.
6. On approval, the debt may be written off on the relevant computer system.
6. All write-off documentation will be kept by the Revenues Manager for retention for a period of two years. A total debt figure will be maintained.
7. The fact that a debt has been written off does not exclude it from being re-raised if new information comes to light as to the debtor's whereabouts.

Appendix 1 – Council Tax Debts

Procedures Prior to write-off

1. All Council Tax debts must be pursued in a timely and efficient manner.
2. A debt can be deemed irrecoverable at any point in the recovery cycle. There can be a variety of reasons for this, such as:
 - a. Inability to trace the debtor
 - b. Debtor deceased
 - c. Debtor declared insolvent
 - d. No longer cost effective to pursue
 - e. Statutory Time Limits have been exceeded.
3. The Council must ensure that all reasonable efforts have been made to collect the debt before any consideration is given to writing the debt off. What is reasonable will be determined by the size of the debt. Consideration should be made of the fact that the cost to obtain a liability order is £100.00 and costs to issue documents around £25.00 with a home visit around £40.00
4. Where appropriate, the following recovery processes available to the Council must have been exhausted:
 - a. Issue of Court Summons
 - b. Obtaining a Liability Order
 - c. Attachment of Earnings Order
 - d. Attachment of Benefits
 - e. Referral to a Bailiff
 - f. Instigation of Insolvency action
 - g. Charging Order
 - h. Attachment of Allowances
 - i. Committal to prison
5. Other options that should be considered as determined by circumstances will include:
 - a. Use of tracing agents
 - b. Contact with other Local Authorities
 - c. Home Visit
 - d. Liaison with other Authority departments
 - e. Joint & Several Liability
 - f. In cases where there is a Council Tax Benefit Excess Payment, DWP CIS data.

Appendix 2 – Business Rate Debts

Procedures Prior to write-off

1. All Business Rate debts must be pursued in a timely and efficient manner.
2. A debt can be deemed irrecoverable at any point in the recovery cycle. There can be a variety of reasons for this, such as:
 - a. Inability to trace the debtor
 - b. Debtor deceased
 - c. Debtor declared insolvent
 - d. No longer cost effective to pursue
 - e. Statutory Time Limits have been exceeded.
3. The Council must ensure that all reasonable efforts have been made to collect the debt before any consideration is given to writing the debt off. What is reasonable will be determined by the size of the debt. Consideration should be made of the fact that the cost to obtain a liability order is £100.00 and costs to issue documents around £25.00 with a home visit around £40.00
4. Where appropriate, the following recovery processes available to the Council must have been exhausted:
 - a. Issue of Court Summons
 - b. Obtaining a Liability Order
 - c. Referral to a Bailiff
 - d. Instigation of Insolvency action
 - e. Committal to prison
5. Other options that should be considered as determined by circumstances will include:
 - a. Use of tracing agents
 - b. Contact with other Local Authorities
 - c. Site Visit
 - d. Liaison with other Authority departments

Appendix 3 – Housing Benefit Overpayments

Procedures Prior to write-off

1. All debts must be pursued in a timely and efficient manner.
2. A debt can be deemed irrecoverable at any point in the recovery cycle. There can be a variety of reasons for this, such as:
 - a. Inability to trace the debtor
 - b. Debtor deceased
 - c. Debtor declared insolvent
 - d. No longer cost effective to pursue
 - e. Statutory Time Limits have been exceeded.

It is important to make clear the difference between an overpayment that we choose not to or are unable to recover and an overpayment that is deemed non-recoverable by the Housing Benefit Regulation. The latter will not be governed by this policy.

3. The Council must ensure that all reasonable efforts have been made to collect the debt before any consideration is given to writing the debt off. What is reasonable will be determined by the size of the debt. Consideration should be made of the fact that the cost to obtain a liability order is £100.00 and costs to issue documents around £25.00 with a home visit around £40.00. In addition, the circumstances giving rise to the overpayment should also be considered with only a good cause for writing off an overpayment that arose due to fraud.
4. Where appropriate, the following recovery processes available to the Council must have been exhausted:
 - a. Deductions from on-going benefit
 - b. Registration of the debt with the County Court (MCOL)
 - c. Attachment of Benefits
 - d. Referral to a Bailiff
5. Other options that should be considered as determined by circumstances will include:
 - a. Use of tracing agents
 - b. Contact with other Local Authorities
 - c. Home Visit
 - d. Liaison with other Authority departments
 - e. DWP CIS data.

Appendix 4 – Sundry Debts

Procedures Prior to write-off

1. All debts must be pursued in a timely and efficient manner.
2. A debt can be deemed irrecoverable at any point. There can be a variety of reasons for this, such as:
 - a. Inability to trace the debtor
 - b. Debtor deceased
 - c. Debtor declared insolvent
 - d. No longer cost effective to pursue
 - e. Statutory Time Limits have been exceeded.
3. The Council must ensure that all reasonable efforts have been made to collect the debt before any consideration is given to writing the debt off. What is reasonable will be determined by the size of the debt. Consideration should be made of the fact that the cost to obtain a liability order is £100.00 and costs to issue documents around £25.00 with a home visit around £40.00
4. Where appropriate, the following recovery processes available to the Council must have been exhausted:
 - a. Issue of Court Summons
 - b. Referral to a Bailiff / Collection Agent
 - c. Instigation of Insolvency action
5. Other options that should be considered as determined by circumstances will include:
 - a. Use of tracing agents
 - b. Contact with other Local Authorities
 - c. Home Visit
 - d. Liaison with other Authority departments

Appendix 5 – Equality Impact Assessment

Function/Service Being Assessed: Shared Service Write-off Policy

1. Populations served/affected:

- Universal (service covering all residents)?
- Targeted (service aimed at a section of the community –please indicate which) ?

2. Is it relevant to the general duty? (see Q and A for definition of ‘general duty’)

Which of these three aspects does the function relate to (if any)?:

- 1 – Eliminating Discrimination
- 2 – Promoting Equality of Opportunity
- 3 – Promoting good relations

Is there any evidence or reason to believe that some groups could be differently affected?

- Yes
- No

Which equality categories are affected?

- Race
- Age
- Sexual Orientation
- Disability
- Gender
- Religion

3. What is the degree of relevance?

In your view, is the information you have on each category adequate to make a decision about relevance?

- Yes (specify which categories)
- No (specify which categories)

Are there any triggers for this review (for example is there any public concern that functions/services are being operated in a discriminatory manner?) If yes please indicate which:

- Yes
- No

4. Conclusion

On the basis of the relevance test would you say that there is evidence that a medium or high detrimental impact is likely? (See below for definition)

- Yes
- No

Note: if a medium or high detrimental impact has been identified then a full impact assessment must be undertaken using Form B.

Completed forms should be attached as an appendix to the relevant report and a copy sent to the Community Partnerships Unit in Corporate Development, Strategic Services.

Definition of Low, Medium or High detrimental impact.

For any one (or more) equality group the following evidence is found:

	<p>Evidence may come from one or more of the following sources:</p> <ul style="list-style-type: none"> • Local service data • Data from a similar authority (including their EIA) • Customer feedback • Stakeholder feedback • National or regional research
High Relevance	<p>The evidence shows a clear disparity (of more than 80% probability) between different sections of the community in one or more of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service.
Medium Relevance	<p>The evidence is unclear (or there is no evidence) if there is any disparity in terms of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service.
Low Relevance	<p>The evidence shows clearly (at least 80% certainty) there is no disparity in terms of:</p> <ul style="list-style-type: none"> • levels of service access; • quality of service received; or • outcomes of service..

Version Control

Version Number	Date	Reason for Update	Made by
0.1	29.03.11	Original Draft	PA