
CORPORATE WRITE-OFF POLICY

1 SUMMARY

- 1.1 Members to consider the report of the Head of Revenue and Housing Management on the adoption of a Corporate Write-Off Policy. At Council on 18 December Members approved a Social Inclusion Policy and this is a complementary report to that policy.

2 INTRODUCTION

- 2.1 The Council's Enforcement Concordat was adopted in 2001 (Minute 255/01 refers). Each department of the Council that has responsibility for enforcement, either in the collection of debt or improving and safeguarding the community, has an approved Enforcement Policy. Revenue and Housing Management function areas were considered by Policy and Finance Committee in April 2002.
- 2.2 The high level Social Inclusion Policy set out aims for a wholly inclusive society within the Rochford District. One of the biggest barriers to inclusivity is poverty and low income where debt or multiple debt is common.
- 2.3 The appended Corporate Write-Off Policy recognises that in order not to admit Social Exclusion the Council accepts that debtors need professional guidance on how to manage their debt problems and that on occasions the repayment of debt is beyond the means of the individual. It therefore sets out clearly what debtors can expect when they fall into debt and the kind of help and guidance the Council can provide.
- 2.4 Where it is recognised that repayment of debt would cause hardship or is totally beyond the means of the individual it proposes 'Debt Matching' (partial write-off) and Full Debt Write-Off remedies.

3 FINANCIAL & RESOURCE IMPLICATIONS

- 3.1 Accounting for write-off is dealt with in a variety of ways:-
- Business Rate write-off is borne by the Government through the NNDR pooling arrangements.
 - Council Tax write-off is met by Council taxpayers as part of the calculation of the tax base and levying process.
 - Housing Rent write-off is met by tenants through the Housing Revenue Account and rent levies.

- Other general write-offs are met through provisions within the General Fund.

3.2 It is not envisaged that the adoption of this Write-off Policy will have a significant impact on the core budget.

4 RECOMMENDATION

It is proposed that the Committee **RESOLVES** to adopt the appended Corporate Write-Off Policy.

S J Clarkson

Head of Revenue and Housing Management

Background Papers:

None

For further information please contact S J Clarkson on:-

Tel:- 01702 318005

E-Mail:- steve.clarkson@rochford.gov.uk

APPENDIX



Rochford District Council

**Corporate
Write-off
Policy**

Introduction

This Corporate Write-Off Policy forms part of the Enforcement Concordat and complements the Council's Social Inclusion Policy and Corporate Debt Policy.

The Council delivers a wide range of enforcement services linked to the recovery of debt aimed at improving the quality of life for residents, ensuring that those with means pay their assessed contribution do so, and helping those people who have difficulty in managing debt. The Council does not provide a money advice or welfare benefits service but aims to signpost to these services where appropriate. The Council currently provides the Citizens Advice Bureau with funding to deliver a Money Advice service and this will usually be the first point of reference.

We are committed to the adoption and implementation of good enforcement practices but recognise that full debt recovery is not possible in all cases.

This policy statement includes debt arising from:-

- Council Tax
- Business Rate
- Housing Benefit Overpayment
- Rent
- Sundry Debt
- Parking Penalties
- Any combination of debt

Policy Statement

The Council recognises that the prevention and effective management of debt is crucial in terms of maximising resources available, providing efficient cost-effective services and responding to the performance management requirements of the Best Value regime.

Aims And Objectives

- To provide debtors with accurate information relating to debt and charges due.
- To provide a variety of methods of payment that are convenient and easily accessible and consistent with Government policy to move closer to electronic payment methods.
- To ensure that all literature and communication to debtors is clear, concise, easy to understand and free of 'jargon'.
- To maximise debtors income by providing or signposting advice and assistance on welfare benefits even if provided by other agencies.

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- To make personal contact with debtors at an early stage, before debts become onerous and difficult to manage.
 - To take a firm but sensitive approach to debtors, but accepting a responsible and moral duty to prioritisation of debt.
 - To utilise a variety of recovery methods (suitable for the size and type of debt) in pursuit of repayment.
 - To improve service standards by setting targets for recovery of debt.
 - To improve literature and customer awareness in preventing debt.
 - To recognise that in certain cases full debt recovery is beyond the means of the debtor.
 - To consider on a case-by-case basis where it is appropriate to write-off debt or match write-off with payment on a 'pound for pound' basis.

Procedure for Debt Write-Off

Generally, each Service Division will have procedures in place for identifying debt for write-off. These are contained within the Enforcement Concordat. These procedures identify the mechanism established by legislation or practice for the recovery of debt. Powers for debt write-off and reporting to Council are contained in Financial Standing Orders and Regulations.

This Policy Document therefore deals with cases where there is unmanageable and multiple debt and where repayment is beyond the reasonable means of the debtor.

The Council has adopted a Corporate Debt Policy which attempts to 'assemble' debt so that the debtor has a single point of contact for debt repayment. It is only at this stage that the full impact of debt can be assessed.

The Council will therefore maintain a central list of all corporate debtors so as to monitor debt and its impact. Members will receive a high-level management report on corporate debt on a six-monthly basis illustrating the level of debt and the impact of recovery methods and whether cases have been considered for write-off or debt matching.

Members will set achievable targets for the reduction of debt reviewed on an annual basis.

Recommendations not to recover debt, write it off or debt matching will only be generated by the Head of Service. Additionally, the Head of Service will review methods to ensure the most effective method of recovery is being used.

Debt will be identified by amount and age when considered for write-off or debt matching.

Where debt is at or reaches a stage where it is uneconomic to pursue it will be recommended for write-off.

Debt Matching

This process will be adopted only on the recommendation of the Head of Service and with the authorisation of the Corporate Director in accordance with Finance Regulations (11.11 and 11.12).

Debt matching means that for every amount paid under a Debt Matching Agreement the Council will write-off an amount equal to the payment until the debt is paid in full.

Debt Matching will be considered only when the debtor's disposable income (after taking into consideration general living expenses) is so low as to make the repayment period extend beyond three years.

Full Debt Write-Off

Debt Write-Off will be considered only in exceptional cases on the recommendation of the Head of Service. Full Debt Write-Off (where the debtor still maintains in regular contact with the Council, and has not absconded) will normally only be considered when the debtor's disposable income (after taking into consideration general living expenses) is so low as to make the repayment period extend beyond five years and clearly beyond the debtor's means.

Full Debt Write-Off will also occur under the direction of the Magistrates Court Justices where the recovery process has been pursued through the Courts.

Any amount written off shall be in accordance with the Council's Financial Regulations (11.11 and 11.12).