

Arun District Council

REPORT TO:	Constitution Working Party - 15 April 2024
SUBJECT:	Sundry Debtors – Debt Management & Write Off Policy, Reporting Debt Write Offs and Delegation Limits
LEAD OFFICER:	Antony Baden, Group Head of Finance & Section 151 Officer
LEAD MEMBER:	Councillor Gill Yeates - Chair
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Debt Management & Write Off policy and delegation limits support the efficient management of Sundry Debtors across the Council.	
DIRECTORATE POLICY CONTEXT: The policy is managed within the Finance Group and applies to sundry debts across all Directorates. It does not apply to Housing tenants' arrears.	
FINANCIAL SUMMARY: There are no additional costs arising from the proposals in this report.	

1. PURPOSE OF REPORT

- 1.1 The Council's constitution sets out the arrangements for the management and reporting of sundry debts across the organisation. It also requires the Group Head of Finance and Section 151 Officer to submit periodically a Debt Management & Write Off Policy for approval and adoption by the Policy & Finance Committee. The policy is underpinned by several delegations to the Group Head of Finance and Section 151 Officer, which allows him/her to authorise writing off debts below certain amounts.
- 1.2 Responsibility for the Debt Management & Write Off Policy currently sits with the Policy & Finance Committee whilst the delegation levels and the subsequent reporting of write offs are currently within the remit of three different service committees, depending on the type of debt. This report sets out proposals to amend the Constitution by streamlining the responsibility for managing and reporting sundry debts and delegation limits under a single service committee.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Constitution Working Party recommends to Full Council that:
 - 2.1.1 The Debt Management and Write Off Policy be submitted to the Corporate Support Committee for future adoption as set out in paragraph 4.3.1;
 - 2.1.2 The proposed changes to the delegation levels outlined in paragraphs 4.3.2 to 4.3.4 and 4.3.6 be approved; and

- 2.1.3 The proposed changes to the constitution to transfer the responsibility of approving writing off of irrecoverable council tax and business rates debts over the limits set out in paragraphs 4.3.5 and 4.3.7 transfer from the Housing & Wellbeing Committee to the Corporate Support Committee be approved.

3. EXECUTIVE SUMMARY

- 3.1 All Sundry Debts are considered recoverable, and every effort is made by Officers to collect the monies due, however, there will be some circumstances when it is necessary to write off a debt. The Debt Management and Write Off Policy outlines the Council's approach to managing this process.
- 3.2 Under Part 6, section 3, sub section 5.2 of the constitution, the Group Head of Finance and Section 151 Officer is required to update and submit the Debt Management and Write Off Policy for adoption by the Policy and Finance Committee.
- 3.3 The Debt Management and Write Off Policy is managed by the Group Head of Finance & Section 151 Officer, and is supported by several write off limits, which currently sit in various parts of the constitution under the Policy & Finance, Housing & Wellbeing and Corporate Support Committees.
- 3.4 Depending on the type of sundry debt, write offs approved under delegation must be reported to the relevant committee.
- 3.5 This report seeks to consolidate responsibility of the Debt Management & Write Off Policy, the delegated write off limits and debt write off reporting requirements under the Corporate Support Committee. None of the proposals in this report apply to housing tenancy debts.

4. DETAIL

- 4.1 The constitution contains several references to the management and reporting of sundry debts, including write offs. They span across three different service committees and whilst not presenting an operational risk, the debt write off limits and reporting requirements to committees are both inconsistent and inefficient.
- 4.2 The inconsistencies referred to in paragraph 4.1 are also reflected in the current Debt Management & Write Off Policy. This will be addressed and updated when the policy is next updated. If members approve the recommendations in this report a revised policy will be presented to the Corporate Support Committee currently scheduled for 27 June 2024.
- 4.3 The following outlines the current position set out in the constitution and the proposals to streamline the sundry debts management and reporting process:
- 4.3.1 Debt Management and Write Off policy – the Group Head of Finance & Section 151 Officer submits the updated policy to Policy & Finance Committee for adoption, (Part 6, section 3, sub section 5.2).

Proposal: the Group Head of Finance & Section 151 Officer submits the updated policy to Corporate Support Committee for adoption.

- 4.3.2 Irrecoverable debts up to £8,000 or aggregate debts up to £8,000 for any debtor in any one financial year – authority is delegated to the Group Head of Finance & Section 151 Officer, (Part 6, section 3, sub section 5.2).

Proposal: Increase the delegated authority to £10,000.

- 4.3.3 Irrecoverable debts over £8,000 – approval must be sought from the relevant committee, (Part 6, section 3, sub section 5.2).

Proposal: Increase the delegated authority to £10,000 to keep it in line with the proposal in 4.3.2 above. This would also bring the delegation level in line with Part 7, section 2, sub section 1.1.9 of the constitution whereby the Group Head of Finance & Section 151 Officer has authority to write off irrecoverable sundry debts up to £10,000 subject to a subsequent report presented to the Corporate Support Committee.

- 4.3.4 Irrecoverable Council Tax debts up to £10,000 – authority is delegated to the Group Head of Finance & Section 151 Officer but must be subsequently included in a written report to the Corporate Support Committee. (Part 7, section 2, sub section 1.1.10).

Proposal: Increase the delegated authority to £15,000, retaining the requirement to present a subsequent report to the Corporate Support Committee.

- 4.3.5 Irrecoverable Council Tax debts up to £5,000 – approval to write off such debts is required by the Housing & Wellbeing Committee. (Part 3, section 4.4, specific function 6). Members will note that this conflicts with the existing delegation outlined in 4.3.4 where the Group Head of Finance & Section 151 Officer has authority to write off debts up to £10,000.

Proposal: Remove the responsibility for this function from the Housing & Wellbeing Committee as it would effectively transfer to the Corporate Support Committee if the proposal in 4.3.4 is agreed.

- 4.3.6 Irrecoverable Business Rates debts up to £25,000 – authority is delegated to the Group Head of Finance & Section 151 Officer but must be subsequently included in a written report to the Corporate Support Committee. (Part 7, section 2, sub section 1.1.10).

Proposal: Increase the delegated authority to £30,000, retaining the requirement to present a subsequent report to the Corporate Support Committee.

- 4.3.7 Irrecoverable Business Rates debts up to £10,000 – approval to write off such debts is required by the Housing & Wellbeing Committee. (Part 3, section 4.4, specific function 6). Members will note that this conflicts with the existing delegation outlined in 4.3.6 where the Group Head of Finance & Section 151 Officer has authority to write off debts up to £25,000.

Proposal: Remove the responsibility for this function from the Housing & Wellbeing Committee as it would effectively transfer to the Corporate Support Committee if the proposal in 4.3.6 is agreed.

- 4.4 The aim of this report is to streamline the responsibility for managing and reporting sundry debts, council tax debts and business rates, and the associated delegation limits by bringing them under a single service committee. Part 3 of the constitution deals with the responsibilities of individual service committees. The Corporate Support Committee has delegated authority to exercise the council's functions relating to the delivery of several service areas, including Finance, (Part 3, Section 4, sub section 4.2). It is therefore considered the most appropriate committee to undertake the responsibilities set out in paragraphs 4.3.1 to 4.3.7.
- 4.5 The above proposals have different write off levels for each type of irrecoverable debt, i.e. £10,000 for sundry debts, £15,000 for Council Tax and £25,000 for Business Rates. There is no legal directive for adopting write off levels but as a rule, Business Rates debts tend to be higher than other debts whilst Council Tax debts are usually lower and sundry debts the lowest of all debt types.

5. CONSULTATION

- 5.1 Consultation has taken place with the Chair and Deputy Chair of the Policy & Finance Committee and Corporate Management Team, all of whom are supportive of the recommendations in this report.
- 5.2 Members of the Housing & Wellbeing Committee have also frequently expressed a desire to see the matter of non-Housing tenancy sundry debt write off reported to the Corporate Support Committee and for officer delegation limits to be raised.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The only other option is to leave the constitution unamended. This would not represent any risk of financial loss but the current system of managing and reporting sundry debt write offs is inefficient and members have regularly expressed a desire for this to be addressed.

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.1 There are no existing or new financial implications associated with this report. Its focus is on the management and reporting of sundry debts.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 The recommendations in this report will facilitate a consolidated approach to debt management and there no risks associated with it.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1 The Council's constitution sets out how the Council operates, how decisions are made, and the procedures that are followed to ensure decisions are efficient, transparent, and accountable. It is therefore important that the constitution is itself consistent and operates to deliver consistent and efficient decision-making.
- 9.2 The amendments proposed within this report are designed to address current inefficiencies in the way in which sundry debts are agreed by the Council's service committees and through delegation to officers. The proposals therefore support the sound governance principles set out in paragraph 9.1.

10. HUMAN RESOURCES IMPACT

- 10.1 The proposals in this report will have a beneficial impact upon the use of limited human resources in that the changes will make the debt management processes more efficient without losing appropriate member oversight.

11. HEALTH & SAFETY IMPACT

- 11.1 None.

12. PROPERTY & ESTATES IMPACT

- 12.1 None.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

- 13.1 None.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

- 14.1 None.

15. CRIME AND DISORDER REDUCTION IMPACT

- 15.1 None.

16. HUMAN RIGHTS IMPACT

- 16.1 None.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

- 17.1 None.
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CONTACT OFFICER:

Name: Antony Baden
Job Title: Group Head of Finance and Section 151 Officer
Contact Number: 01903 737558

BACKGROUND DOCUMENTS:

Constitution January 2024