

Arun District Council

REPORT TO:	Corporate Support Committee – 10 October 2024
SUBJECT:	Debt Management and Write-Off Policy
LEAD OFFICER:	Antony Baden – Group Head of Finance & Section 151 Officer
LEAD MEMBER:	<i>Councillor Francis Oppler, Chair of Corporate Support Committee</i>
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's Debt Management and Write-off policy provides guidance for staff and customers.	
DIRECTORATE POLICY CONTEXT: The Council's Sundry Debtors write-off policy impacts all Directorates of the Council.	
FINANCIAL SUMMARY: There are no direct financial implications arising from this report, there will however be in direct financial implications from operational use of the Sundry Debtors Write-Off Policy.	

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to inform Members of the Council's Debt Management and Write-Off Policy for 2024/25 as required by Section 5.2 of the Council's Financial Procedure Rules.

2. RECOMMENDATIONS

- 1.2. The Committee is recommended to approve the Debt Management and Write-Off Policy for 2024/25.

2. EXECUTIVE SUMMARY

- 2.1. The report presents the Committee with the Debt Management and Write-Off Policy for 2024/25 to 2024/27 period for the Committee's consideration and approval.

3. DETAIL

- 3.1. The Group Head of Finance is required by Section 5.2 of the Financial Procedure Rules to periodically submit a Debt Management and Write-Off Policy for adoption by the Corporate Support Committee.

- 3.2. The original policy was agreed at Cabinet and has since been updated to reflect the most recent adjustments to the Constitution and, therefore, should be adopted as a new policy.
- 3.3. Subject to the policy and as per the Constitution, the Group Head of Finance is approved to write-off a debt (or combination of debts) due from any individual debtor in any one financial year of not more than £10,000 in aggregate.
- 3.4. Subject to the policy and as per the Constitution, debts greater than £10,000 may only be written-off with the approval of the Corporate Support Committee.

4. CONSULTATION

- 4.1. No consultation has been undertaken with external bodies.

5. OPTIONS / ALTERNATIVES CONSIDERED

- 5.1. No other options are available given the requirements of the Financial Procedure Rules for the Council to have an adopted policy.

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

- 6.1. The Sundry Debtors Write-Off policy is to be used operationally for sundry debtors write-offs made in compliance with the Constitution.

7. RISK ASSESSMENT CONSIDERATIONS

- 7.1. The policy ensures consistency of decision-making and helps mitigate operational risks.

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

- 8.1. The Council is required by its Financial Procedure Rules to have in place an up-to-date Debt Management and Write-Off Policy. An adopted policy supports consistency of decision-making and transparency in relation to decisions to write-off irrecoverable debts.

9. HUMAN RESOURCES IMPACT

- 9.1. None.

10. HEALTH & SAFETY IMPACT

- 10.1. None

11. PROPERTY & ESTATES IMPACT

- 11.1. None

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

12.1. None

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

13.1. None

14. CRIME AND DISORDER REDUCTION IMPACT

14.1. None

15. HUMAN RIGHTS IMPACT

15.1. None

16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

16.1. None

CONTACT OFFICER:

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Job Title: Group Head of Finance and Section 151 Officer

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BACKGROUND DOCUMENTS:

[PART 6 - OPR - Section 3 Financial Procedure Rules.pdf \(arun.gov.uk\)](#)

Appendix 1



ARUN

DISTRICT COUNCIL

Debt Management and Write-Off Policy

2024/25

Debt Management and Write-Off Policy

1. The purpose of this document

- 1.1 All Sundry Debts are considered recoverable, with Financial Services facilitating the recoveries with relevant Services. However, there will be limited circumstances when it is appropriate to either write-off a debt or consider the write-off of monies owed to the Council. Some of these are covered by statute or an instruction by the courts (remission) and other areas will be considered by local management in accordance with agreed policy/procedures.
- 1.2 This document outlines the Council's policy and approach to Accounts Receivable (Sundry Debts) for either remission or write-off. It ensures that the Council's approach to these processes is consistent and complies with relevant legislation.

2 Situations when write-off may be appropriate

This document covers the Council's policy and approach in the following areas:

- Absconders who cannot be traced.
- Bankruptcies, Individual Voluntary Arrangements, Compulsory Voluntary Arrangements, Debt Relief and Liquidations.
- Court, bailiff and other costs.
- Death of the debtor.
- Imprisonment (warrant of commitment issued).
- Miscellaneous reasons.
- Non-payment and or inability to pay.
- Remission by the Court.
- Small balance and where the amount uneconomical to collect.

2.1 Absconders who cannot be traced

There are occasions when debtors abscond leaving debts. In all cases concerted efforts are made to trace the debtor. This includes:

- A check by the Accounts Receivable Service using internal and external tracing tools.
- Passing the debt to an Enforcement Agency to see if they can trace the debtor through their internal processes.
- Passing the debt to an external tracing agency for a thorough check of all commercially available databases that can be used to trace debtors.

2.2 Bankruptcies and liquidations

In the event of a successful bankruptcy petition (or successful winding-up proceedings for limited companies), once the court has made an order no other recovery action can be taken. This applies to the debts that are covered by the order only and subsequent debt liability is unaffected from the date of the orders.

These debts are only written-off if the insolvency practitioners report that there are no assets out of which the creditors can be paid.

In most bankruptcy and insolvency cases where the Council has not instigated the action, there is little or no dividend payable to the Council. On receipt of the statement of affairs from the Trustee or Liquidator, it is usually clear how much, if any, is available for creditors. After considering any payments received or due, the balance is then written-off as irrecoverable.

2.3 Court, bailiff and other costs

When the debt is being written-off for one of the reasons described above, legal fees and costs incurred in the recovery process are always written-off separately for accounting purposes.

There are a small number of cases that are taken to court and subsequently issued to Enforcement Agents where the liability is incorrect, but the Council was unaware of this at the time the action was taken. In correcting the liability, the Council may cancel the costs providing we are satisfied that the debtor is not 'blameworthy'.

2.4 Death of the Debtor

In most cases the debt remains collectable from the estate of the deceased Debtor. However, in certain circumstances it is not possible to collect, and the debt will be written-off, commonly where there are no assets or, in rare cases, where a debtor dies intestate or where we cannot trace who the legal executors are.

Where there are assets and the Executors fail to make the necessary payment to clear any debt, the Council will take separate action to recover this debt (civil enforcement proceedings).

2.5 Imprisonment (warrant of commitment issued)

If a debtor is committed to prison for non-payment, the debt must be written-off once the full term (less any allowance for good behavior) has been served. No further recovery action can be taken in relation to the relevant amount as the statutory enforcement process has come to an end. Liability for subsequent years and for any debts covered by separate Liability Orders will continue.

2.6 Miscellaneous

The Council has some debts that are not cost effective to pursue and are written off. These will be exceptional in nature and approved by the s151 Officer or by the Committee for Corporate Support depending on the size of debt. There will be instances where an account may have a remaining credit balance. If the credit is less than £5 and no other debts remain outstanding within the Council, this will be written-off. If the credit is more than £5 and it has not been possible to refund the money this will be written off after a period of 1 year.

2.7 Non-payment and or inability to pay

If customers are unwilling to pay for a service or inability to pay, then these services will be withdrawn with immediate effect. If the Council is unable to recover any outstanding debts as it is not cost effective to pursue, these will be considered for write-off by the s151 Officer or by the Committee for Corporate Support, depending on the size of debt.

2.8 Remission by the Court

If a Magistrate finds that the failure to pay the amount due is not 'blameworthy' and the debtor is unable to pay the debt, they can remit the debt. Remission may be in part or the full amount of the debt. Even though a debt (or debts) may be remitted, liability for subsequent years will continue. Following the decision of the Magistrate, the Council will process the write-off and store a copy of the Court Remission Sheet on our files.

2.9 Small balances/amounts uneconomical to collect

Legal enforcement proceedings are taken for money owed in excess of £250. On occasions where debtors have left the area, it is considered uneconomic to pursue these small balances beyond the issue of copy bills. These debts are written-off on a regular basis.

If a debtor comes back into the district or is subsequently traced, the debt is raised, and recovery action continues using all available remedies.

3.0 Processing a write-off request

This is covered by separate staff procedure notes using appropriate computer system transaction codes so that the reason for the write-off can be identified and monitored.

4.0 Management checks

It is the responsibility of each Group Head to review and check outstanding sundry debts and inform the Accounts Receivable Service as to whether they should be written off.

Confirmations for write-offs should be emailed to:
accounts.receivable@arun.gov.uk.

Sundry debts written-off will be included on an annual spreadsheet providing a name, invoice reference, value and reason for the write-off.

The Accounts Receivable Service has a range of management controls to ensure that debt is only written-off in accordance with this policy document. The controls and management checks are summarised in the table below:

Debt Type	Less than £5	Up to £100	Up to £5,000	Up to £10,000	Over £10,000
Sundry Debtors	Bulk Auto Write-Off	Accounts Payable Staff	Group Head review prior to submitting for write-off	Group Head of Finance (s151 Officer)	Committee for Corporate Support

All debts written off to be reported annually to Corporate Support Committee.

5.0 **Policy Review**

This procedure will be reviewed on a periodic basis by the Group Head of Finance (s151 Officer) in order to ensure it remains valid, effective, and relevant.