

DEBT WRITE OFF**Deputy Chief Executive (Section 151 Officer)****1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 The purpose of this report is to detail write offs of low-level amounts of debt for the period 1 April 2019 to 31 March 2020.

2. BACKGROUND

- 2.1 The responsibility for the collection of service related debt is devolved to the service areas from which the debt originated. The Revenues and Benefits Service has responsibility for the collection of Council Tax, Business Rates, Housing Benefit Overpayments and some Sundry Debt accounts. When a debt has not been paid despite reminders, it is escalated to the Recovery team who instigate further recovery action including court action and the use of Enforcement agents where appropriate. Whilst every effort is made to recover all debts in some instances, it will be necessary to write off an outstanding balance as irrecoverable. The Council's Corporate Debt Recovery Code Policy Statement provides a framework for these decisions. This ensures that there is a balance between exhausting all reasonable methods of recovery, protecting the Authority's financial position and having regard to the debtors' personal circumstances.
- 2.2 Where debts are deemed to be irrecoverable ,write off shall be approved in accordance with the limits set out in the following table :

Debt Value	Approved By:
Up to £500	The Budget Holder for the service area against which the debt was raised.
£500 up to £5,000	An Authorised Finance Officer or the Head of Revenues and Benefits in the case of centrally managed debts.
£5,000 up to £10,000	Chief Finance Officer
£10,000 up to £50,000	Cabinet Member
£50,000 or above	The Cabinet

It is not legally possible to recover debts that are cancelled because of liquidation or bankruptcy proceedings. Where debts are cancelled as a result of liquidation or bankruptcy proceedings, write off shall be approved as follows:

Debt Value	Approved By:
Up to £5,000	The Head of Revenues and Benefits or such other officer as the Chief Finance Officer may nominate from time to time.
Over £5,000	The Chief Finance Officer

- 2.3 Members have asked that reports be submitted to the Audit Committee on an annual basis detailing by category, the low-level debts (up to £500) being written off by service managers during the financial year.

3. INFORMATION

3.1 The general circumstances in which a debt will be considered for write off are:

- i. We have lost trace of the debtor and after standard tracing procedures have been carried out, we consider that we are unlikely to trace them in the foreseeable future.
- ii. Where the debtor has died and we have established that there are no funds available from the estate.
- iii. Where we have been through the reminder/final notice process without success and the debt is below a value considered economical to pursue or where the cost of taking legal action is not justified due to the amount outstanding being small.
- iv. All cases where a debt remains outstanding and we have had no contact with the debtor in the last six years.
- v. Where the debtor is declared bankrupt or enters into a Voluntary Arrangement or Administration Order.
- vi. The debtor's age, health or other social factors make it inappropriate to pursue the debt.
- vii. We have followed our recovery process, taking all actions possible and have exhausted this process.

3.2 In response to the request, see paragraph 2.3, a summary on the debts written off that are up to the lowest level of £500 has been collated. This report covers the period 1st April 2019 to 31st March 2020.

3.3 The table on appendix 1 shows a summary by debt type of debts of £500 or less that have been authorised for write off with comparative data for the previous year 2017/18.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 The Committee is asked to note and comment upon the information provided.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Nick Long telephone number Tel: 07800 618046 or alternatively email nick.long@stockport.gov.uk