



Debt Management – Write Off Policy

Whilst the Council will make every effort to pursue debts owed by debtors, it recognizes that in some circumstances debt will become irrecoverable.

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1. Overview

Debt may be regarded as uncollectable where:

- **Uneconomic To Collect** - The debt is uneconomic to collect, i.e. the cost of collection is greater than the value of the debt.
- **Statute Barred** - The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
- **Unable to Trace** - The debtor cannot be found or communicated with despite all reasonable attempts to trace.
- **Deceased** - The debtor is deceased and there is no likely settlement from the estate or next of kin and where there is written confirmation from the Receiver.
- **Hardship** - where permitted, on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.

- **Insolvency** - where there is no likelihood of settlement and written confirmation from the Official Receiver or Administrator.

Good practice dictates that, when all methods of debt recovery have been exhausted, any debts that remain irrecoverable are written off promptly in accordance with the Council's Constitution and Financial Regulations.

2. Council's Constitution and Financial Regulations.

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Debt Write Off

8.14.
Arrears of housing rents and other housing income administered by the ALMO (Homes for Haringey) may be written off in accordance with procedure notes issued by the Section 151 Officer with the below authorities:

- a) Up to £100, the approval of Chief Executive of the ALMO and reported to the Section 151 Officer.
- b) £100 and up to £25,000, the approval of the Section 151 Officer upon the advice of the Chief Executive of the ALMO.
- c) £25,000 or above, the approval of the Cabinet Member for Resources upon the advice of the Chief Executive of the ALMO and the Section 151 Officer.

The ALMO shall keep a record of all such sums written off.

8.15.
All other debts which remain unpaid may be written off in accordance with the below authorities:

- a) Up to £25,000 on the approval of the Section 151 Officer upon the advice of the relevant Director.
- b) £25,000 or above on the approval of the Cabinet Member for Resources upon the advice of the relevant Director and the Section 151 Officer.

Corporate Finance shall keep a record of all such sums written off.

8.16.
All debts written off will be reported in summary to the Cabinet in the regular budget monitoring reports.

8.17.
It is important that Council income is maximised and therefore to ensure that systems and procedures are in place to collect income promptly and to minimise the level of any bad debts.

3. Provision

3.1 CIPFA Code of Practice

The CIPFA Code of Practice on Local Authority Accounting, (The Code) requires the council's statement of accounts to include sufficient provision for bad debts. This provision will be determined by the Chief Finance Officer. The External Auditor will subsequently review this provision for appropriateness.

3.2 General

Generally, the older a debt is, the greater the requirement for a bad debt provision. Provisions are always reviewed as part of closing of the accounts, but should also be reviewed on a regular basis throughout the year.

Any likely requirement to increase the provision at the year end should be identified and reported through regular budget monitoring.

4. Procedure

In all submissions for write-off, the following procedure will apply;

4.1 Debts over £25,000

Under the terms of the Councils Constitution, all debts submitted for write off with a value in excess of £25,000 will need to be submitted to the Section 151 Officer and subsequently to the Cabinet Member for Resources for approval.

All such debts must be submitted individually with;

- Completed "Write Off" form.
- Statement of account.
- Full supporting documentation, detailing the collection process undertaken.
- Rationale detailing the reason for submission.
- Sign off by the relevant Director or CEO for HFH accounts.

On receipt, Corporate Debt Management will log the submission and following review will either return to the service for clarification/completion or if appropriate submit to the Section 151 officer who will sign off and arrange approval from the Cabinet Member for Resources.

4.2 Debts under £25,000

Under the terms of the Councils Constitution, all debts submitted for write off with a value in excess of £25,000 will need to be submitted to the Section 151 Officer for approval.

All such debts can be submitted either;

1. Individually with;

- Completed "Write Off" form.
- Statement of account.
- Supporting documentation, confirming the reason for write off based on the collection process undertaken.
- Sign off by the relevant Director or CEO for HFH accounts.

2. On a summary basis with;

- Completed "Summary" form detailing;
 - a) Account number.
 - b) Account name.
 - c) Reason for write off.
 - d) Amount.
- Summary form must cross reference the supporting documentation for each account, documentation to include;
 - a) Statement of account, balance to match summary form, balance to be highlighted, initialled and dated by the officer submitting the form.
 - b) Supporting documentation, confirming the reason for write off based on the collection process undertaken.
- Summary Form signed off by the relevant Director or CEO for HFH accounts.

4.3 Sign Off

- Corporate Debt Management will accept write off on an on-going basis. At year end the last date for submission to achieve year end sign off will be 28th February.
- On receipt, Corporate Debt Management will log the submission and following review will either return to the service for clarification/completion or if appropriate submit to the Section 151 officer who will sign off and arrange approval from the Cabinet Member for Resources.
- Corporate Debt Management will seek sign off on a monthly basis, a week before month end, to allow processing time for period end.