

Committee: Cabinet

Date: 30
November 2017

Title: Writing off debts: Delegation to Director of
Finance and Corporate Services

Portfolio Holder: Councillor Simon Howell – Cabinet Member for Finance & Administration Key decision: **No**

Summary

1. The Director of Finance and Corporate Services (as the Council’s “Chief Financial Officer” or “section 151 officer”) has delegated authority to “write off” debts up to a value of £5,000. This limit has not been reviewed for some time. The report sets out the case for increasing this limit to £10,000.

Recommendations

2. That the write off limit in paragraph 11.4 of the Financial Procedure Rules is increased from £5,000 to £10,000, to read:

Bad debts of up to £10,000 shall be written off by the Chief Financial Officer, having ascertained that all reasonable steps have been taken to recover the debt and that it would be uneconomical to pursue the debt further. Cabinet approval is required to write off bad debts in excess of £10,000.

Financial Implications

3. The report concerns the level at which the decision is made whether or not to “write off” a debt. It does not have any direct financial implications. Write-off decisions made by Cabinet are made on the recommendation of the Director of Finance and Corporate Services, and so there should not be any indirect financial implications.

Background Papers

4. Reference was made to the constitutions of a number of other local authorities. These are published sources, and the local authorities and relevant information are set out in a table in this report.

5. Impact

Communication/Consultation	None needed.
Community Safety	None.
Equalities	None.
Health and Safety	None.

Human Rights/Legal Implications	None.
Sustainability	None.
Ward-specific impacts	None.
Workforce/Workplace	None.

6. Situation

6.1. The concept of writing off debts is sometimes misunderstood. Writing off a debt is not the same thing as cancelling it. It is an accounting step taken when the prospects of recovering a debt are so slim that it should no longer be shown as an asset in the Council's accounts. The debt may still be recoverable if, for instance, the location of a debtor is discovered or it becomes evident that a debtor has assets. In such cases, officers would take appropriate debt recovery steps regardless of whether the debt has been written off. Of course some written off debts will be irrecoverable, e.g. by reason of insolvency or the application of a limitation period for legal action.

6.2. UDC has given delegated authority to the Director of Finance and Customer Services (as the Council's s151 officer) to write off debts up to the value of £5,000. Decisions on debts above this level need to be taken by the Cabinet.

6.3. Levels of delegated authority to s151 officers vary across Essex, as illustrated in the table below. They range from a £2,000 limit to unlimited authority to write off debts. (Of course a low limit may indicate that the scheme of delegation has not been reviewed for some time.)

Council	Power to "write off" debts
Uttlesford	S151 Officer: Up to £5,000
	Cabinet: Over £5,000
Basildon	S151 Officer: Up to £10,000
	Chairman of the Policy and Resources Committee: Above £10,000
Braintree	S151 Officer: Up to £25,000
	Cabinet: Over £25,000
Brentwood	Chief Officer: Up to £5,000
	S151 Officer: Up to £10,000
	Chair of the Policy, Finance and Resources Committee: Over £10,000
Castlepoint	Not on website

Chelmsford	S151 Officer: Unlimited power to write off, subject to submitting an annual statement of write off to the Cabinet Member for Finance
Colchester	S151 Officer: Up to £5,000
	Cabinet: Above £5,000
Epping Forest	S151 Officer: Up to £2,500
	Portfolio holder: Above £2,500
Harlow	Not on website
Maldon	Not on website
Rochford	Not on website
Tendring	S151 Officer: Up to £2,000
	Portfolio Holder: Up to £25,000
	Cabinet: Above £25,000
Essex	Not on website

6.4. Increasing the level at which debts can be written off would reduce the need for reports to be submitted to Cabinet for decision. This would save some officer time in preparation and attendance and would help ensure that Cabinet is focused on strategic and major issues. Reports on debt write-offs commonly need to be Part 2 items, with the press and public excluded, because of the need to avoid disclosing personal information about the debtor. Officers suggest that a revised write-off limit of £10,000 would be appropriate.

6.5. If the level of delegated authority is increased, officers propose that an annual report is submitted to the Cabinet along with budget outturn reports setting out the extent and nature of debts written off during the previous financial year. This would ensure transparency and accountability.

Risk Analysis

7.

Risk	Likelihood	Impact	Mitigating actions
Cabinet may take a different view on write-off decisions to officers. But this is a low risk, as Cabinet write-off decisions are made on the basis of professional	1	1	Annual reporting to the Cabinet along with budget outturn reports setting out the extent and nature of debts written off during the previous financial

officer advice and recommendation.			year.
------------------------------------	--	--	-------

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.