

**Report to COUNCIL**

# **Amendment to Financial Procedure Rules – Write Off Authorisation Limits**

**Portfolio Holder:**

Cllr Abdul Jabbar MBE Deputy Leader and Portfolio Holder for  
Finance and HR

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13<sup>th</sup> December 2017

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## **Reason for Decision**

To seek Council approval for an amendment to the authorisation limits for write offs in the Financial Procedure Rules of the Council's Constitution.

## **Recommendation**

That the write off approval limits are amended as follows for debts including Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments:

- |                                  |                           |
|----------------------------------|---------------------------|
| a) Individual Debts up to £60    | The Unity Partnership Ltd |
| b) Individual Debts up to £2,500 | Head of Service           |
| c) Individual Debts up to £5,000 | Director of Finance       |
| d) Individual Debts over £5,000  | Cabinet                   |

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**Amendment to Financial Procedure Rules – Write Off Authorisation Limits****1 Background**

- 1.1 The Council is responsible for the approval of the Financial Procedure Rules to be used by all Members and officers, including any amendments or additions presented by the Director of Finance.
- 1.2 The Financial Procedure Rules of the Council's Constitution sets out the authorisation limits for the writing off of debts including Council Tax, Business Rates, Sundry Debt and Housing Benefit overpayments.
- 1.3 The Director of Finance is responsible for maintaining a continuous review of the Financial Procedure Rules and the submission of any additions or changes necessary for Council approval. The write off authorisation limits have not been renewed for a number of years.
- 1.4 Following a recent review, it was felt that although most of the limits are still fit for purpose, amendments that aligned the limits and revised the delegated authority to authorise these limits would now be appropriate for consideration by Council. Any changes must be submitted to Council for approval and insertion into the Council's Constitution - Part 4 Rules of Procedure.

**2 Current Position**

- 2.1 The current limits are set out in paragraphs 12.16 and 12.17 of the Financial Procedure Rules. These are replicated below:-

**Debts including Sundry Debt, Housing Benefit and NNDR**

12.16 Heads of Service must regularly consider debts due and ensure adequate year end provisions for bad and doubtful debts. Authorisation of write off of individual bad debts is as follows at this stage

- (a) Individual debts less than or equal to £2,500 – Head of Service
- (b) Individual debts less than or equal to £5,000 – Executive Director subject to documented consultation with the Director of Finance.
- (c) Individual debts in excess of £5,000 – Cabinet.

**Council Tax Bad Debts**

12.17 The Head of Service responsible for managing the contract to administer housing benefits and collect Council Tax/NNDR shall regularly review the level of debts due and ensure in conjunction with the Director of Finance the adequate provisions required for bad and doubtful debts. Authorisation of write off for individual debts is as follows at this stage.

- a) Individual debts less than £150 by Unity as the agreed Council contractor. Each month they shall submit a report to the Director of Finance detailing these write offs.
- b) Individual debts up to £1,000 - Head of Service.
- c) Individual debts up to £2,500 – Executive Director subject to documented consultation with the Director of Finance.
- d) Individual debts over £2,500 – Cabinet

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### 3 Options/Alternatives

- 3.1 **Option 1 – Update the limits.** The limits could be changed to ensure that there is consistency of approach and standardisation of limits across all debts. While much would be unchanged, this option would bring the write off of Council Tax debt in line with the approach for other Council debts and ensure a standard write off process for The Unity Partnership Limited to write off smaller debts. Proposed wording for the revised Financial Procedure Rules is set out below:

**Debts including Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments**

The Head of Service responsible for managing the contract to collect Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments shall regularly review the level of debts due and ensure, in conjunction with the Director of Finance, the adequate provisions required for bad and doubtful debts. Authorisation of write off for individual debts is as follows at this stage:

- a) Individual debts less than £60 by The Unity Partnership Ltd as the agreed Council contractor. Each quarter The Unity Partnership Ltd shall submit a report to the Director of Finance detailing these write offs.
  - b) Individual debts up to £2,500 by the Head of Service.
  - c) Individual debts up to £5,000 by the Director of Finance.
  - d) Individual debts over £5,000 by Cabinet.
- 3.2 **Option 2 – Do nothing** The Council could elect to retain the existing write off limits and keep the constitution as is. This would mean that the limits for Council Tax would remain out of alignment with all other debts.

### 4 Preferred Option

- 4.1 Option 1 is the preferred option following the officer review. While the overall write off process is still fit for purpose, aligning the limits across the board is appropriate given that approval limits have not been adjusted for some time. Parity across all debts will ensure that debts are written off consistently and in line with the Council's Constitution.

### 5 Consultation

- 5.1 The Unity Partnership Limited have been consulted on the new proposals and are in agreement with them.

### 6 Financial Implications

- 6.1 The alignment of write off authorisation limits was recommended in the review of the Council's fundamental financial systems in 2017 and is an appropriate step to take to standardise procedures. There is no anticipated cost to the Council of making this change.  
Mark Stenson

### 7 Legal Services Comments

- 7.1 No substantive comments. Colin Brittain

### 8 Co-operative Agenda

- 8.1 Not applicable

### 9 Human Resources Comments

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- 9.1 Not applicable
  - 10 **Risk Assessments**
  - 10.1 Not applicable
  - 11 **IT Implications**
  - 11.1 Not applicable
  - 12 **Property Implications**
  - 12.1 Not applicable
  - 13 **Procurement Implications**
  - 13.1 Not applicable
  - 14 **Environmental and Health & Safety Implications**
  - 14.1 Not applicable
  - 15 **Equality, community cohesion and crime implications**
  - 15.1 Not applicable
  - 16 **Equality Impact Assessment Completed?**
  - 16.1 No
  - 17 **Key Decision**
  - 17.1 No
  - 18 **Key Decision Reference**
  - 18.1 Not applicable
  - 19 **Background Papers**
  - 19.1 None
  - 20 **Appendices**
  - 20.1 None