

Bury Council Write Off Policy April 2026

Introduction

The purpose of this new policy is to provide a corporate approach to the writing off of bad and irrecoverable debts whilst seeking to maximise the opportunity for collection thereby minimising the need for write off. The policy also establishes a disciplined approach across the Council for the writing off of those debts that are not recoverable. It establishes clear guidance for all Council Officers on the recording, reporting, recovery and monitoring of the Council's debt and income.

Section 151 of the Local Government Act 1972 requires that local authorities make arrangements for the proper administration of their financial affairs. Part of these arrangements includes establishing a Policy for the writing off of irrecoverable debts. These arrangements are underpinned by Part 4 Procedures Rules, Section 6 Financial Regulations of the Council's constitution.

Objectives

This Policy has the following objectives:

- to promote a consistent and fair approach to the writing off of debt across the Council,
- Enable debts to be written off in a timely and efficient manner,
- Provide a framework that sets out the criteria for writing off debt.

Outcome

The outcomes expected from this policy:

- Minimise the level of write off necessary,
- To ensure cases recommended for write off are done so every quarter,
- Minimise the level of resources provided for bad and irrecoverable debts,
- Standardise the write off process across all income and debt areas,
- Avoid the use of subjective judgement and criteria when considering cases for write off, by providing clear objective criteria and procedures,
- Introduce effective performance management arrangements,
- Help focus resources on potentially recoverable debts (by disciplined writing off of irrecoverable debts),

Debts covered by this Policy

For the avoidance of doubt this policy document applies to all debts and income due to the Council including but not limited to the list below, and include any other debts across the Council:

- Council Tax,
- Business Rates,
- Housing Rents
- Sundry Debts (incl. Commercial Rents, service charges and insurance, licensing, fees, statutory notices, subscriptions, etc.),
- Adult Social Care,
- Housing Benefit Overpayments

General Collection Policy

It is Council policy to pursue the collection of all debts owed to the Council as vigorously as possible. Every effort will be made to recover any Council debt before write off is considered. Service Areas will work together, where appropriate to do so share data, to make informed decisions about debt recovery and write off.

This policy supports the decision process for debts that may have become uneconomical to pursue or are irrecoverable.

It must be noted that a debt may be written off but can be reinstated if deemed recoverable at a future date and is appropriate to do so.

The policy will be reviewed as required to ensure processes remain fair and in line with legislation and best practice.

The policy may be extended to include other forms of revenue and income collected by the Council.

General Principles

The general principles adopted in this policy are as follows:

- To ensure a professional, consistent and timely approach to debt write off across all of the Council's functions,
- To promote, where Data Protection legislation allows, a coordinated approach towards sharing debtor information internally and managing multiple debts owed to the Council,
- To ensure that debts are managed in accordance with legislative provisions and best practice,
- To ensure that any steps taken to recover debt / income are in line with the Council's corporate policies.

Delivering the Policy

Writing off of debt should be undertaken in accordance with the Council's Financial Procedure Rules, as outlined within the financial limits contained within the Council's constitution.

Adult Social Care debt write offs must be carried out in accordance with Annex D of the Statutory Guidance to the Care Act 2014.

Delivering the policy involves a number of processes which are explained in more detail below:

- Ensuring a consistent approach,
- Pre-request for write off,
- Request for write off,
- Writing debts off,
- Reinstating written off debt,
- Evasion and fraud,
- Credit balance write offs,
- Dealing with historical debts.
- Insufficient Evidence to Enforce Debts
- Bad debt provision,

Ensuring a consistent approach

In line with this policy, the Council will have a consistent approach across all directorates in responding to debt write offs. Proposal for write offs should be considered at every appropriate stage in line with the framework.

Pre Request for Write Off

All debts of the Council will be acted on in accordance with its Financial Rules. If the debt remains unpaid, after exhausting all appropriate recovery methods, the debt should be considered for write off. All requests to write off debts must be approved by authorised officers and within the approval thresholds set out in this policy.

The Service Area will take reasonable steps to contact the debtor to discuss the matter before making any final decisions on recovery actions, of which, write off may be considered as an option based on the circumstances of the debtor. As a result of these discussions, or in the view of the service area, if the debt is considered uneconomical to pursue or considered irrecoverable then the service area may propose the debt for write off.

A debt may be written off when one or more of the following apply (this list is illustrative and not exhaustive):

- **Council error** – The debt was caused by a local authority mistake, and the debtor could not reasonably have known about it.
- **Deceased debtor** – The debtor has died and there are not enough funds in the estate to clear the debt.
- **Low-value debt** – The total debt is under £50 and no payment has been made within six months of the final reminder.
- **Custodial sentence** – The debtor is serving a prison sentence of 12 months or more and recovery is unlikely.

- **Debtor untraceable** – The debtor cannot be located for at least six months. (The Council may reinstate the debt if the debtor is later found.)
- **Debtor overseas** – The debtor is living abroad, and the law does not allow the Council to enforce recovery.
- **Statute-barred debt** – The debt cannot legally be pursued due to the time limits set out in legislation.
- **Debt Collection Agent unable to recover** – All recovery options have been exhausted, and the agent confirms the debt is unrecoverable.
- **Legal advice** – Legal Services advise that the debt is not recoverable or that legal action would not be cost-effective.
- **Uneconomical to collect** – The cost of recovery would exceed the value of the debt.
- **Bankruptcy or liquidation** – The debtor is declared bankrupt, or a company has gone into liquidation.
- **Company arrangements** – A Company Voluntary Arrangement (CVA) or administration order prevents or limits recovery.
- **Financial hardship or vulnerability** – Recovery action would cause serious financial difficulty, or the debtor is considered vulnerable or in hardship.
- **Multiple debts with limited means**
Where the debtor owes several debts to the Council and a financial assessment shows they do not have sufficient means to pay them all, consideration may be given to writing off some debts to support sustainable repayments.
Evidence of financial circumstances is required. If the debtor fails to maintain the agreed payment plan, the write-off may be reversed.
- **Insolvency confirmation** – The Official Receiver or Administrator confirms there is no prospect of settlement.
- **All recovery options exhausted** – No further recovery actions are available.
- **Court remission** – The court has formally remitted (cancelled) the debt.

Write off is a formal process and when authorised, ceases all debt recovery action for that specific debt, albeit recovery action may continue for other debts connected to the debtor.

Where authorised, a request for write off does not mean the debt cannot be reinstated in future, where appropriate. The write off will be removed and action will continue giving weight to the statute of limitations, and corporate debt management.

Request for Write Off

As per the Accounts and Audit Regulations 2003 (as amended), debts should only be written off with approval of the responsible finance officer (Section 151), or such members of staff, where this function has been delegated in line with the current Financial Regulations and Financial Delegations.

Write off proposals and subsequent decision papers will be retained for the current year plus six years as per the Council's Record Retention Policy.

Once appropriate authorisation has been received and final authorisation for the write off obtained from the Director of Finance (Section 151 Officer) or delegated officers, the debt will be removed from the relevant accounting system and charged against the appropriate cost centre/fund.

Write offs of Housing Benefit caused by an Official Error where the debt has been determined as unrecoverable can only be made in conjunction with the relevant Housing Benefit legislation and guidance.

Any write off relating to Adult Social Care debt is governed by the Care and Support Statutory Guidance Annex D, in addition to the above process.

Writing Debts Off (framework)

The writing off of debt should be administered in accordance with the Council's Financial Procedure Rules, as outlined in the Financial Limits contained in the Council constitution.

Irrespective of the amount to be written off, the following list of exceptions* is delegated to Heads of Service to authorise write offs. Write off of debts in accordance with the list of exceptions will be reported quarterly to the Council's Finance Board & Section 151 Officer.

**Evidence is required under the following categories (outlined below).*

List of exceptions:

- **Death of the debtor**
The debtor has passed away and there are no assets in the estate to cover the debt, the remaining balance may be written off.
**Written confirmation of this is required from a solicitor or executor.*
- **Bankruptcy or Liquidation**
A debtor has been declared bankrupt (individual) or has entered liquidation (company), creditors may only receive a portion of the owed amount, or nothing at all, depending on the available assets.
**Bankruptcy or Liquidation number or documentation should be provided*
- **Debt Relief Order granted to the Debtor.**
**Appropriate entry in the Insolvency Register or documents should be provided,*
- **Individual Voluntary Arrangement.**
**Appropriate entry in the Insolvency Register and documents should be provided,*
- **Company Voluntary Arrangement / Administration Order.**
**Appropriate documents should be provided,*
- **Debt remitted by court.**
**A statement to confirm the decision of the court is needed.*
- **Debtor living abroad.**
The debtor is believed to be living overseas, and the legislation does not permit debt pursuance.
**Evidence to confirm this position is required*

Once appropriate authorisation has been received and final authorisation for the write off obtained from the Director of Finance (Section 151 Officer) or delegated officers, the debt will be removed from the relevant accounting system and charged against the appropriate cost centre/fund and bad debt provision.

Authorised officers and approval thresholds

The following Scheme of Delegation is in place for authorised officers to write off debts owed to the Council.

Authorisation to write off* is delegated, after all appropriate recovery options have been exhausted.

Value	Approval Required	Reported to
Up to £10,000	Head of Service	Director
In excess of £10,000 but not more than £25,000	Responsible Director in consultation with the Assistant Director of Finance	Section 151 Officer
In excess of £25,000 but not more than £50,000	Section 151 Officer in consultation with the Monitoring Officer	Relevant Cabinet Member
In excess of £50,000	Cabinet	

*Excluding the list of exceptions detailed in the Writing Debts Off (framework).

Reinstating Written Off Debt

Service Areas must be aware of an individual's circumstances during all financial related dealings, and this includes being aware of any current and written off debt(s) that the debtor may have.

Where a debtor's circumstances change and the original grounds for writing off the debt no longer stand, the Council reserves the right to reverse the write-off and pursue the outstanding amount through normal recovery procedures.

Fraud and Misrepresentation

If an allegation or suspicion of fraud arises, the Council will investigate the matter. Should fraud be established, the Council may reverse the write-off and pursue criminal proceedings where warranted.

Credit Balance Write Offs

When an account is closed and a credit balance remains, the credit must be checked against any other debts owed to the Council and, where appropriate, offset against those debts. If the credit is repayable, it will be refunded by BACS where bank details/address are known.

Where no forwarding address is available, reasonable efforts must be made to identify the correct address for repayment. If no address can be found, the credit will

be removed from the account. If an address is identified at a later date, the credit may be reinstated, offset against another outstanding debt, or refunded where no other debts exist.

Dealing with Historical Debts

Historical debts will be dealt with outside of this policy. A separate procedure will be designed for this which will be subject to separate approval.

Insufficient Evidence to Enforce Debts

Where there is insufficient evidence to create a debt then these amounts should not be raised at the outset by either the service or finance staff. It is always important to consider this at the inception of raising a debt and whether the funds can or cannot be successfully recovered.

If a debt is raised and then subsequently with the passage of time, the debt becomes not credible either on the challenge of the debtor or because there is insufficient evidence to support the debt, then this debt should be removed from the finance system by way of a credit note. This will effectively remove the debt from the Council's aged debt portfolio and reduce it to nil.

It is important that where any debts fall into this area that they follow the credit note process, and not the debt write off route. Debts that should not have been raised or cannot be supported should not be written off.

Any debts raised which fall into the recovery process which later require a credit note will be collated and reported quarterly to the Finance Board & Section 151 Officer. Service Area's responsible will report need to report why the debt was raised, why it is not being pursued and the steps which have been put in place to avoid a reoccurrence.

Use of Third Party Collection Services

Where appropriate to do so, and prior to the submission for write off, debts of £300 or more should be considered for referral to the Council's appointed collection agent who will undertake further checks to determine if the debt can be traced and / or collected.

- Trace and collect – where a forwarding address cannot be determined, further checks will be made with third parties to determine if address information can be found. This is a further check, prior to write off, to support the write off recommendation,
- Collection of debts where all internal remedies to collect have been exhausted. The debt will be passed to a third party collection agent, who will attempt to secure payment in line with appropriate legislation/contractual arrangements in place.

Bad Debt Provision

The Director of Finance (Section 151 Officer) in conjunction with Heads of Service must ensure there is adequate provision for bad debts, in accordance with 'CIPFA Code of Practice on Local Authority Accounting in United Kingdom – A Statement of Recommended Practice'.

Debts where a bad debt provision has been assigned should be appropriately reviewed on a timely basis with effective recovery methods applied. Where debts are not recoverable, suitable evidence should be provided to progress the case / debt to write off.

Any debts which form part of the proof of debt sent by the Council to the to the insolvency practitioner are written off if they meet all the terms of the insolvency agreement. The insolvency practitioner may make payments in the form of dividends to Bury Council which will be offset against the debt and the amount written off will be reduced accordingly.

A separate bad debt provision is held for each service area so that any increase required in the provision will be charged to the service area concerned. Conversely, if the debt for which a bad debt provision is paid then the provision for that debt will be credited back to the relevant service area.