

Corporate Debt Policy

Best Practice – Writing off debts

The council recognises that where a debt remains unpaid after exhausting all appropriate recovery methods and is deemed to be irrecoverable, or where there are extenuating circumstances, the debt should be written off.

Establish Clear Debt Recovery Policies

Robust debt recovery policies minimize the need for write-offs. These policies should include effective measures to prevent and manage debt, such as regular monitoring, correct invoicing or billing, and attempting communication with debtors at regular intervals of the recovery process using various channels.

Identify Criteria for Debt Write-Offs

Clearly define the circumstances under which a debt may be considered for write-off. This should include specific criteria based on factors such as the age of the debt (time limited), the debtor's personal and financial situation. These include for example; vulnerability (financial or otherwise), bankruptcy, deceased, absconded or incorrect billing.

Regular Review of Outstanding Debts

Debt hubs should conduct regular reviews of outstanding debts to identify cases that meet the defined criteria for write-off consideration.

Assess the financial situation of the debtor

This can involve gathering information on their income, assets, liabilities, and any other relevant factors. The assessment should consider the debtor's ability to pay the debt. The availability of external and internal data should be sort.

Exhaust All Debt Recovery Options

Before proceeding with a write-off, exhaust all available avenues for debt recovery.

Approval Process

Establish a clear, documented approval process for writing off debts.

Document All Decisions

Maintain detailed documentation of the decision-making process for each debt write-off. This should include the rationale for the write-off, supporting evidence, and if relevant, any correspondence.

Continuous Improvement

Regularly evaluate the effectiveness of the debt recovery and write-off processes. Identify areas for improvement, such as enhancing debt prevention strategies,

consider the use of the latest in technological advances in customer contact. Adopting a culture of continuous improvement helps minimize the need for future write-offs.

Legal

Ensure that all debt write-offs comply with relevant legal and regulatory requirements.

It is important to note that debt write-offs should be approached judiciously, considering the impact on public funds and the council's overall financial stability. The goal should always be to recover debts wherever possible, while recognizing that there are circumstances where writing off debts is a necessary step in managing the council's financial affairs.