



## **Corporate Debt Write Off Policy**

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## **1.0 Aims and Objectives**

The aims and objectives of this policy are:

- 1.1 To ensure best value by focussing resource on maximising recovery of recoverable debt.
- 1.2 To follow best practice in relation to debt management.
- 1.3 To ensure that the interests of the general taxpayer are maintained whilst recognising the needs and circumstances of individual debtors.

## **2.0 Policy Statement**

- 2.1 Clackmannanshire Council have policies and procedures in place to effect the recovery of the following taxes and charges:

- Council Tax
  - Residue Community Charges
  - Non-Domestic Rates
  - Sundry Debt
  - Housing Benefit Overpayments

There are however circumstances where individual debts in respect of the above taxes and charges may be irrecoverable or instances may arise where it is not cost effective to pursue recovery of the debt. In such circumstances or instances the debt may require to be written off. This policy and any associated procedure details the processes that the Head of Finance will follow in respect of such debts.

- 2.2 This policy does not cover former tenant rent arrears and credits or former tenant rechargeable repair debt. Although in terms of the financial regulations write offs in respect of these debts must be sanctioned by the Head of Finance, a separate Housing Service policy is in place covering the circumstances under which these debts will be recommended for write off.
- 2.3 This policy takes account of all current legislation covering the recovery of the above taxes and charges and takes account of recommendations and good practice guidance issued by internal audit, external audit, and a number of other external agencies and professional bodies.
- 2.4 The policy has been developed following consultation with all appropriate Council services and with partner organisations such as Scottish Water, Sheriff Officers and other collection agents.
- 2.5 The policy document refers to the "Council" meaning the corporate body including both elected members and staff. The general assumption is that the policy is subject to the overriding terms of the Council's agreed financial regulations and specifically that the general delegated responsibility for approval of write off is that of the Head of Finance subject to the constraints of bad debt provision in the Council's budget.

### **3.0 Procedures**

- 3.1 A written procedure has been prepared by the Head of Finance outlining the steps to be followed when a debt is to be written off and specifically the control mechanisms to be adopted.
- 3.2 This procedure ensures that all write offs are properly approved, auditable and able to be accounted for.

### **4.0 Conditions**

- 4.1 The following outlines the general conditions and circumstances when a debt may be considered for write off. These are not specific to any particular type of debt and indeed are designed to cover the vast majority of debt considered for write off. However the list of conditions is not exhaustive and there will occasionally be circumstances where it is appropriate to write off debt for a reason other than stated. Decisions of this nature will be a matter for the Head of Finance.

#### **Deceased**

Where the debtor has died and there is either no estate or no available funds from the estate.

#### **Insolvency**

In the case of an individual this could be sequestration or a trust deed and there is no prospect of recovery. In the case of a corporate debtor this could be liquidation, administration, receivership or where the business has ceased trading and there is no prospect of recovery.

#### **Unable to trace whereabouts**

There is no ongoing liability and there is no prospect of tracing the debtor

#### **Uneconomic to pursue**

The cost of recovery is likely to outweigh or equate to a significant proportion of the balance outstanding.

#### **All appropriate recovery processes have been exhausted without success**

The debtor has been the subject of recovery action but has no realisable assets and identifiable income or capital.

#### **Debt Prescribed**

Where the debt is over 5 years old and it has not been possible to commence or continue recovery in that period.

## **5.0 Specifics**

- 5.1 As a general principal where there is an ongoing liability for a charge for a provision of service or an ongoing liability for tax or rates write off of arrears is not appropriate.
- 5.2 Where there is a charge for commercial rent recovery of possession of the property should have been effected before write off.
- 5.3 Sound liaison and reporting mechanisms with services are needed to ensure that where appropriate provision of service can be stopped where recovery of debt is not able to be effected and arrears are being considered for write off. It should be noted that withdrawal of service cannot be effected where the Council has a statutory responsibility to continue to provide.
- 5.4 Where subsequent to write off information comes to hand that could realistically lead to recovery the debt can be resurrected and the write off reversed subject to part or full balance being paid.
- 5.5 The frequency of processing write offs will be a matter for the Head of Finance and will depend on the nature of the debt being written off.

## **6.0 Performance and Policy Review**

- 6.1 In order to ensure that the policy and associated procedures are applied properly and fairly there will be regular auditing and checking.
- 6.2 The Head of Finance in association with appropriate services will review the policy and associated procedures at least annually to ensure effectiveness.
- 6.3 Where future legislative change may impact on the effectiveness of the policy it will be reviewed to take account of that change.

## **7.0 Complaints and Appeals**

- 7.1 Where a taxpayer or debtor wishes to complain about a decision made under the terms of this policy they may do so using the Council's comments and complaints procedure.
- 7.2 Where a taxpayer or debtor wishes to appeal against a decision made under the terms of this policy the appeal should in the first instance be made in writing to the Head of Finance. In the event that the Head of Finance cannot resolve the appeal he will advise the appellant on how to escalate the appeal further. The route by which the appeal may eventually be resolved may depend on the nature of the debt under consideration.

## **8.0 Equal Opportunities**

- 8.1 This policy will be operated under the Council's stated commitment to equal opportunity and will not discriminate on the grounds of gender; marital status; religious belief; disability; race; ethnic origin; colour; nationality; political belief; sexual orientation; socio-economic status and age.
- 8.2 Anyone with a grievance or complaint on the grounds that the policy or its operation contravenes Equal Opportunities legislation and guidelines can make a complaint in line with the Council's complaints procedures.

## **9.0 Confidentiality and Access to Information**

- 9.1 This policy and it's operation will comply with the terms of the Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002.

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