

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: GENERAL DEBTORS DEBT WRITE-OFF
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date 26 JULY 2011	Ref: PJ/KW/RC/IH/GG	

1. Introduction

- 1.1 The purpose of this report is to present to Committee a formal write-off of external debt, which is deemed non-collectable in terms of recognised accounting practice.
- 1.2 Environmental Services have a debtors policy aimed at reducing overall levels of debt. This policy requires payment in advance for services where possible and withdrawing services for non paying debtors. It is envisaged that this will reduce the value of the debt write-off in future years.

2. Background

- 2.1 The annual value of invoices issued, on behalf of Environmental Services, for the provision of general services was approximately £10m.
- 2.2 Inevitably, however there will always be a small element of debt, which will prove to be non-collectable, for example where a company goes into liquidation. The Service has been making a regular provision within the accounts to accommodate such instances.
- 2.3 In line with recognised accounting procedures and best practice, there should be a regular appraisal to eliminate those debts which are clearly irrecoverable and where full provision has already been made within the accounts of the authority.
- 2.4 Although a debtor balance may be formally written-off every effort will continue to be made to ensure collection. Records of such debt will be maintained and the Debtor will no longer have access to any further service provision unless the debt is subsequently settled in full.
- 2.5 This report provides details of the Services' debt, which is considered to be non-collectable and therefore submitted, for write-off.

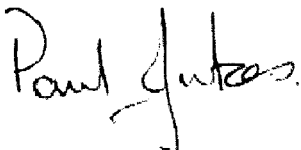
3. Debt Write-Off

- 3.1 An exercise has been undertaken to identify debt that is now considered to be non-collectable. This debt has been fully provided for within the Accounts and includes debt under £250 for which the Executive Director of Finance & Customer Services has delegated powers. Total debt under £250 amounts to £31,154.82.
- 3.2 The value of debt between £251 - £1,000 amounts to £31,840.02. Again, this has been provided for and reported via the budgetary control reports to Committee.
- 3.3 The value of debt over £1,000 amounts to £318,781.94. Again this has been provided for.

- 3.4 The total write-off is £381,776.78. This is a substantial rise from previous years and reflects the current economic climate. The total includes several large debts where companies have been placed in liquidation e.g. developers and small to medium enterprises. The amount also includes the write off of £247,638 for the World Rowing Masters 2005 (Scotland) Ltd which is detailed below.
- 3.5 The make-up of the total amount proposed for write-off is detailed below along with an explanation of why this requires to be written-off (Appendix 1 also summarises this information).
- 3.5.1 Debt of £81,537.77 relates to customers who have gone into sequestration or liquidation. If any dividend is paid out it will be used to offset the write-off. The majority of this value is made up of housing developers going into liquidation owing funds for construction consent to Roads & Transportation.
- 3.5.2 Debt of £17,989.40 relates to customers who have moved address and cannot be traced.
- 3.5.3 Debt of £19,049.76 comprises of small balances, debt that is uneconomical to pursue.
- 3.5.4 Other debt of £15,561.66 being debt where all avenues of recovery have now been exhausted i.e. - calls have been made, letters have been sent and no response has been received from debtor. Legal Services have taken the decision not to pursue any further as a recovery is not possible.
- 3.5.5 Debt of £247,638.19 relates to the World Rowing Masters 2005 (Scotland) Ltd debt. This has been provided for. Although this debt is being recommended for write off Legal Services are continuing to pursue the standard security against the debtors property.
- 3.6 It should be emphasised that records will be maintained of all debt written off to ensure further action can be taken if the situation arises.

4 Recommendations

- 4.5 The Committee is asked to note that The Executive Director of Finance & Customer Services has used his delegated powers to write-off debts under £250, totalling a net figure of £31,154.82 for Environmental Services.
- 4.6 The Committee is asked to approve the write-off of all items over £250 to the value of £350,621.96.
- 4.7 The Committee refer this report to the Policy and Resources (Finance & Customer Services) Sub Committee for consideration.



PAUL JUKES
EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES

Local Government Access to Information Act: for further information about this report please contact Robert Colquhoun on 01236-632444

APPENDIX 1

ENVIRONMENTAL SERVICES WRITE-OFF SUMMARY 2011-12

Cause Analysis	£
Sequestration/Liquidation/Dissolved etc	£81,537.77
Gone Away/No Trace	£17,989.40
Small Balances/Uneconomic to Pursue	£19,049.76
Others	£263,199.85
Total	£381,776.78

<u>Value Analysis</u>	£
< £250	£31,154.82
£251 - £1,000	£31,840.02
>£1,001	£318,781.94
Total	£381,776.78