

NORTH LANARKSHIRE COUNCIL

REPORT

To: HOUSING & SOCIAL WORK COMMITTEE		Subject: GENERAL DEBTORS BAD DEBT WRITE OFF
From: HEAD OF HOUSING & SOCIAL WORK RESOURCES		
Date: 5 AUGUST 2010	Ref: RP/PMcA/PG	

1. Purpose of Report / Introduction

- 1.1. The purpose of this report is to present to Committee the summary of outstanding debtor accounts which are deemed uncollectable following all attempts at recovery. A Bad Debt Provision has been included within the annual accounts recognising the non-collection of these accounts.

2. Background

- 2.1. The Council issues invoices annually with an approximate value of £89.1M

- 2.2. Approximately £14.7M relates to services which are the responsibility of Social Work including:-

- Home Care Charges
- Nursing Home and Residential Home Accommodation Charges
- Justice Services
- Supporting People
- Grant Claims
- Cross Boundary Charges
- Payroll Recoveries

- 2.3. Approximately £0.9M relates to services which are the responsibility of Housing including:-

- Rechargeable Repairs
- Owner/Occupier Recharge

- 2.4. In order to improve our collection of debt the Council has been engaged in a number of activities, which are aimed at improving collection rates, reducing debt arising, and streamlining the recovery process. These include:-

Social Work

- Implementation of Debt Recovery Procedures
- Performance Management Report
- Payment Arrangements

Housing

- Payment in Advance
- Payment Arrangements
- Improved use of external collection agents

- 2.5. Notwithstanding these improvements there will continue to be an appraisal of the outstanding balances to assess those which are deemed uncollectable. This annual process conforms to Best Practice and is underpinned by a systematic approach to recovery and a realistic assessment of the expected collection of outstanding balances.
- 2.6. The write-off of an invoice within our accounts ensures a realistic assessment of expected income, however, the Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter and recovery is deemed practical.

3. Summary of Bad Debt Write-Off

- 3.1. An analysis of the outstanding balances has been conducted and the undernoted figures have been identified as uncollectible:

Social Work	£ 89,512.70
Housing	£312,322.11

- 3.2. The Executive Director of Finance and Customer Services has exercised powers under the Scheme of Delegation to write-off those balances which are under £250, which represents:

Social Work	£40,168.57
Housing	£76,507.98

of the sum identified in paragraph 3.1.

- 3.3. An analysis of the total write-off proposal is included in Appendix 1 (Social Work) and Appendix 2 (Housing). As you will note there are a number of reasons why the outstanding balances are being written off and these are summarised below:-

- 3.3.1. Deceased. The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.
- 3.3.2. Liquidation/Sequestration. The debtor/business has been liquidated/sequestered etc, and there is no prospect of recovery of funds.
- 3.3.3. No Trace/Gone Away. The debtor has been unable to be located and there is no prospect of recovery of funds.
- 3.3.4. Small Balances/Uneconomic to Pursue. There are insufficient funds or no realisable assets that are available to meet the debt and it is uneconomic to continue seeking recovery of the sum due.
- 3.3.5. Others. The debt is proposed for write-off for a specific reason not included within the previous general analysis.

- 3.4. As detailed in paragraph 2.6, whilst approval is sought to write-off the sums within our financial systems the Council will continue to monitor the situation and if circumstances change then recovery of the sums due will be reassessed.

4. Recommendation

- 4.1. The Committee is asked to note the exercise of Delegated Authority by the Executive Director of Finance and Customer Services, to write-off £40,168.57 and £76,507.98 for Social Work and Housing respectively, being accounts with a value of less than £250.00.
- 4.2. The Committee is asked to approve the write-off of £49,344.13 and £235,814.13 for Social Work and Housing respectively, being accounts greater than £250.00, as detailed in Appendix 1 and 2.



Ronnie Paul
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July 2010

For further information on this report please contact Pat McAviney, Service Manager (Finance & Admin)
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APPENDIX 1

SOCIAL WORK WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	45,473.26
Liquidations/Sequestrations etc	8,957.44
Gone Away/No Trace	2,932.03
Small Balances/Uneconomic to Pursue	3,092.93
Others	29,057.04
Total	89,512.70

Value Analysis	£
< £250	40,168.57
£250 - £1,000	19,520.17
> £1,000	29,823.96
Total	89,512.70

APPENDIX 2

HOUSING WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	6,356.02
Liquidations/Sequestration's etc	6,021.20
Gone Away/No Trace	114,301.01
Small Balances/Uneconomic to Pursue	92,495.21
Others	93,148.67
Total	312,322.11

Value Analysis	£
< £250	76,507.98
£250 - £1,000	106,799.82
> £1,000	129,014.31
Total	312,322.11