

REPORT

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB COMMITTEE		Subject: GENERAL DEBTORS BAD DEBT WRITE-OFFS 2012 (FINANCE & CUSTOMER SERVICES)
From: HEAD OF REVENUE SERVICES		
Date: 6 August 2012	Ref: AC/BC	

1 Introduction

The purpose of this report is to present to the Committee the summary of outstanding debtor accounts which are deemed uncollectible 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

The Council issues invoices annually with an approximate value of £86m, of this approximately £21.5m relates to services which are the responsibility of this Committee including: -

- Home Insurance Policy
- Grant Claims
- Finance Leasing Programs
- Payroll Recoveries
- Car Leasing Recoveries
- Benefits Overpayments

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

- Payment in Advance
- Centralised Debt Recovery Team
- Improved use of external collection agents
- Updated software allowing comprehensive recovery processes

2.2 Notwithstanding these improvements there will continue to be an appraisal of the outstanding balances to assess those which are deemed uncollectible. 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.

3 Summary of Bad Debt Write-Off

3.1 An analysis of the outstanding balances as at 31 March 2012 has been conducted and £218,816.97 has been identified as uncollectible. This represents 1.02% of the annual billed value of accounts compared with 1.38% last year. The write-off can be analysed and compared to the prior year as shown in the table below:

	2011/12	2012/13
Benefit Overpayment	£275,479.11	£201,790.17
Other Services	£3,443.83	£17,026.80
Total	£278,922.94	£218,816.97

3.2 It is encouraging to note that the amount written off has reduced by £60,105.97 which represents a reduction in write-off of 21.5%.

3.3 The Executive Director of Finance & Customer Services has exercised powers under the Scheme of Delegation to write-off those balances which are under £250, which represents £46,210.33 of the sum identified in paragraph 3.1.

3.4 An analysis of the total write-off proposed is included in Appendix 1. As you will note there are a number of reasons why the outstanding balances are being written off and these are summarised below: -

3.4.1 Deceased. The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.

3.4.2 Liquidation/Sequestration. The debtor/business has been liquidated/sequestered etc., and there is no prospect of recovery of funds.

3.4.3 No Trace/Gone Away. The debtor has been unable to be located and there is no prospect of recovery of funds.

3.4.4 Small Balances/Recovery Exhausted. There are insufficient funds or no realisable assets that are available to meet the debt and the appropriate recovery opportunities have been unsuccessful.

3.4.5 Others. The debt is proposed for write-off for a specific reason not included within the previous general analysis, e.g., unsupported recoveries arising prior to rationalisation of contractual terms and conditions.

3.5 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 & Customer Services, to write-off £46,210.33, being the accounts with a value less than £250.00.

4.2 The Committee is asked to approve the write-off of £172,606.64, being accounts greater than £250.00, as detailed in Appendix 1.



Head of Revenue Services

Members wishing further information please contact Mr Brian Cook, Head of Revenue Services, Tel:- 01698 - 40 3929.

APPENDIX 1

FINANCE & CUSTOMER SERVICES WRITE-OFF SUMMARY AS AT 31 MARCH 2012

Cause Analysis	£
Deceased	28,073.81
Liquidation/Sequestration etc.	43,532.34
Gone Away/No Trace	41,855.34
Small Balance/Recovery Exhausted	4,347.07
Others	101,008.41
Total	218,816.97

Value Analysis	£
< £250	46,210.33
£250 to £1,000	67,792.41
> £1,000	104,814.23
Total	218,816.97