

NORTH LANARKSHIRE COUNCIL
REPORT

To: GENERAL PURPOSES COMMITTEE AND POLICY AND RESOURCES (PERSONNEL) SUB-COMMITTEE		Subject: GENERAL DEBTORS BAD DEBT WRITE OFFS
From: DIRECTOR OF ADMINISTRATION		
Date: 13 July 2004	Ref: JAF/BN-BC/CC/R	

1 Introduction

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 £65M, of this approximately £0.093m relates to services which are the responsibility of the General Purposes Committee and Policy and Resources (Personnel) Sub-Committee including:-

- Sports grounds operators in receivership
- Cheques which have not been honoured for Registration Fees and Mortgage Enquiries
- Gone Away/No trace
- Recovery Exhausted

2.2 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:-

- Regular monitoring of payments
- Proposed introduction of acceptance of switch cards for Registration Fees
- Payment in advance for mortgage enquiries

2.3 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.

2.4 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 £1,528.46 has been identified as uncollectable. This represents 0.08% of the annual billable value of accounts.
- 3.2 The Director of Finance has exercised powers under the Scheme of Delegation to write-off those balances which are under £250, which represents £225.56 of the sum identified in paragraph 3.1.
- 3.3 An analysis of the total write-off proposal 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:-
- 3.3.1 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/Recovery Exhausted. 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 2.4, 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 Director of Finance, to write-off £225.56 , being accounts with a value of less than £250.00.
- 4.2 The Committee is asked to approve the write-off of £1,302.90, being accounts greater than £250.00, as detailed in Appendix 1.


Director of Administration

Members wishing further information please contact John Fleming, Head of Central Services,
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APPENDIX 1

ADMINISTRATION DEPARTMENT WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	Nil
Liquidations/Sequestrations etc	1,302.90
Gone Away/No Trace	178.00
Small Balances/Recovery Exhausted	47.56
Others	
	1528.46

Value Analysis	£
< £250	225.56
£250 - £1,000	1302.90
> £1,000	
	1528.46