

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: HOUSING AND TECHNICAL SERVICES COMMITTEE		Subject: GENERAL DEBTORS BAD DEBT WRITE OFF
From: DIRECTOR OF HOUSING AND PROPERTY SERVICES		
Date: 5 October 2005	Ref: TMcK/AN/DS	

1.0 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 debts.

2.0 Background

2.1 The Council issues invoices annually with an approximate value of £68m, of this approximately £24.3m relates to services which are the responsibility of this Committee, including:-

- Commercial and Industrial rents
- Overpayment of Benefit
- Rechargeable Repairs
- Owner/Occupier Recharge

2.2 In order to improve our collection of debt the Council has engaged in a number of activities, 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

2.3 Notwithstanding these improvements there will continue to be 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.

3.0 Summary of Bad Debt Write-Off

3.1 An analysis of the outstanding balances has been conducted and £404,046.04 has been identified as uncollectable. This represents 1.66% 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 £93,315.32 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 or 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 and is in the main recommended by Legal Services for write-off.

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.

4.0 Financial Implications

4.1 It should be noted that there are no budgetary implications arising from these recommendations as provision has been made within the department's annual accounts.

5.0 Recommendation

- 5.1 The Committee is asked to note the exercise of Delegated Authority by the Director of Finance, to write-off £93,315.32, being accounts with a value of less than £250.00.
- 5.2 The Committee is asked to approve the write-off of £310,730.72 being accounts greater than £250.00, as detailed in Appendix 1.
- 5.3 Remit to the Policy and Resources (Finance) Sub Committee for information.

6.0 Background Information

- 6.1 Further background information is available from the Housing Finance Unit.



T. McKenzie
Director of Housing and Property Services

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APPENDIX 1**HOUSING AND TECHNICAL SERVICES DEPARTMENT WRITE-OFF SUMMARY**

Cause Analysis	£
Deceased	9,031.00
Liquidations/Sequestration's etc	107,724.13
Gone Away/No Trace	95,477.61
Small Balances/Uneconomic to Pursue	22,928.48
Others	168,884.82
Total	404,046.04

Value Analysis	£
< £250	93,315.32
£250 - £1,000	146,744.50
> £1,000	163,986.22
Total	404,046.04