

NORTH LANARKSHIRE COUNCIL
REPORT

To: COMMUNITY SERVICES COMMITTEE		Subject: GENERAL DEBTORS DEBT WRITE-OFF
From: DIRECTOR OF COMMUNITY SERVICES		
Date 13 September 2006	Ref: PJ/KW/RC/IB	

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.

2. BACKGROUND

2.1 The annual value of invoices issued, across the Department, for the provision of general services is approximately £6.966m. Due to both the development of the financial system and the pro-active approach to debt recovery, higher collection rates have been reported in recent years.

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 Department has been making a regular provision within the budget monitoring reports 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 Department's 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 already been fully provided for within the Accounts and includes debt under £250 for which the Director of Finance has delegated powers. Total debt under £250 amounts to £7,397.79.

- 3.2 The value of debt greater than £250 amounts to £16,771.85. Again, this has already been provided for and reported via the budgetary control reports to Committee.
- 3.3 The net total write-off is £24,169.64 and, as stated above, is fully provided for. This is only 0.34% of the total debt raised.
- 3.4 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).
- 3.4.1 Debt of £2,730.63 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.
- 3.4.2 Debt of £4,951.08 relates to customers who have moved address and cannot be traced.
- 3.4.3 Debt of £13,604.01 comprises of small balances/ debt that is uneconomical to pursue.
- 3.4.4 Other debt of £2,883.92 - being debt where all avenues of recovery have now been exhausted
- 3.5 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

- 4.1 The Committee is asked to note that The Director of Finance has used his delegated powers to write-off debts under £250, totalling a net figure of £7,397.79 for the Department of Community Services.
- 4.2 The Committee is asked to approve the write-off of items over £250 to the value of £16,771.85 and pass this report to the Policy and Resources (Finance) Sub Committee for consideration.

There are no background papers relevant to this report

APPENDIX 1

COMMUNITY SERVICES WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	0
Sequestration/Liquidation/Dissolved etc	2,730.63
Gone Away/No Trace	4,951.08
Small Balances/Uneconomic to Pursue	13,604.01
Others	2,883.92
	24,169.64

<u>Value Analysis</u>	£
< £250	7,397.79
>£250	16,771.85
	24,169.64