

**NORTH LANARKSHIRE COUNCIL****REPORT**

To: SOCIAL WORK COMMITTEE		Subject: General Debtors Bad Debt Write-Offs
From: DIRECTOR OF SOCIAL WORK		
Date: 30 OCTOBER 2003	Ref:GC/DW	

**1 Introduction**

- 1.1 The purpose of this report is to present to Committee a formal write-off of external debt which is deemed uncollectable.

**2 Background**

- 2.1 The annual value of invoices issued for the provision of general services is approximately £65m. Due to the efforts of both the development of the new financial system and the pro-active approach to debt recovery higher collection rates have been reported in recent years. Inevitably, however there will always be a small element of debt, which will prove to be uncollectable, and the Department has been making a regular provision within the budget monitoring reports to accommodate such instances.
- 2.2 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.
- 2.3 Although a debtor balance may be formally written-off every effort will continue to be made to ensure collection.
- 2.4 This report provides details of the Social Work Department's debt, which is considered to be uncollectable and therefore, submitted for, write-off.

**3 Bad Debt Write Off**

- 3.1 An exercise has been undertaken to identify debt which is now considered to be uncollectable including debt under £250 for which the director of Finance has delegated powers amounting to £157,179.17.
- 3.2 The value of debt greater than £250 amounts to £159,286.58 and which has already been provided for and reported via the budgetary control reports to Committee. Credit balances amounting to £46,953.79 are available to reduce the total being written off. (see Appendix 1 for make up)
- 3.3 The total debt to be written off therefore amounts to £316,465.75 for which the follow up process of issuing Reminders, Final Warnings, Legal Letters and passed to legal are now exhausted.

- 3.4 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 Departmental Comments**

- 4.1 The Department has historically issued large volumes of low value accounts, particularly in the area of Homecare. The nature of these accounts inevitably leads to a small element of accounts, which become difficult to collect. The recent changes implemented by the “Fair Care for the Elderly” initiative will reduce the future impact of potential write-offs.

**5 Recommendations**

- 5.1 The committee is note that The Director of Finance has used his delegated powers to write-off debts under £250.
- 5.2 The Committee is asked to approve the write-off of items over £250 to the value of £159,286.58 and pass to the Policy and Resources (Finance) Sub Committee for consideration.



**DIRECTOR OF SOCIAL WORK**

**SOCIAL WORK DEPARTMENT**

Bad debt accounts over £250 break down

<b>ACCOUNT RANGE</b>	<b>NUMBER OF ACCOUNTS</b>	<b>ACCOUNT TOTALS</b>
£250 - £1000	98	£47,487.30
£1000 - £3000	20	£37,946.71
£3000 - £5000	6	£22,931.27
£5000 +	6	£50,921.30

There are a total of 130 bad debt accounts totalling £159,286.58.