

AGENDA ITEM No. 19
NORTH LANARKSHIRE COUNCIL
REPORT

To: SOCIAL WORK COMMITTEE	Subject: GENERAL DEBTORS BAD DEBT WRITE OFFS
From: DIRECTOR OF SOCIAL WORK	
Date: 26 August 2004	Ref: RP/PMcA/PG

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 £5.4M relates to services which are the responsibility of this Committee including:-

- Home Care Charges
- Nursing Home and Residential Home Accommodation Charges
- Supporting People
- Grant Claims
- Cross Boundary Charges
- Payroll Recoveries

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:-

- Implementation of Departmental Debt Recovery Procedures
- Introduction of Departmental Performance Management Report
- Improved reports for Managers

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.

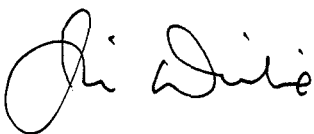
2.4 The write-off of an invoice within our accounts ensures a realistic assessment of expected income, however, the Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter and recovery is deemed practical.

3 Summary of Bad Debt Write-Off

- 3.1 An analysis of the outstanding balances has been conducted and £94,016.38 has been identified as uncollectable. This represents 1.75% 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 £49,898.71 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/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.
- 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 £49,898.71, being accounts with a value of less than £250.00.
- 4.2 The Committee is asked to approve the write-off of £44,117.67, being accounts greater than £250.00, as detailed in Appendix 1.



Jim Dickie
Director of Social Work
5 August 2004

*For further information on this report please contact Ronnie Paul, Head of Social Work Resources
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APPENDIX 1

FINANCE DEPARTMENT WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	44,269.04
Liquidations/Sequestrations etc	Nil
Gone Away/No Trace	5,627.81
Small Balances/Uneconomic to Pursue	9,672.85
Others	34,446.68
	94,016.38

Value Analysis	£
< £250	49,898.71
£250 - £1,000	20,084.51
> £1,000	24,033.16
	94,016.38