

**NORTH LANARKSHIRE COUNCIL  
REPORT**

To: CORPORATE SERVICES COMMITTEE		Subject: GENERAL DEBTORS BAD DEBT WRITE-OFF FOR CORPORATE SERVICES IN FINANCIAL YEAR 2011/12
From: EXECUTIVE DIRECTOR OF CORPORATE SERVICES		
Date: 9 August 2012	Ref: JAF/PD	

**1. Purpose of Report**

1.1 This report presents a summary of outstanding debtor accounts for the financial year from April 2011 to March 2012 deemed non-collectable following all attempts at recovery. A bad debt collection provision has been included within the annual accounts recognising the non-collection of these accounts.

**2. Background**

- 2.1 The annual value of invoices issued for all of Corporate Services for the financial year 2011/2012 was £68,378.26.
- 2.2 The Council is engaged in a number of activities aimed at improving collection rates, reducing debt arising and streamlining the recovery process, including payments in advance, a Centralised Debt Recovery Team and improved use of external collection agents.
- 2.3 In line with recognised accounting procedures and best practice, there continues to be an appraisal of the outstanding balances to assess those deemed non-collectable. This process 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 the accounts ensures a realistic assessment of expected income. However, where appropriate, action is taken to continue to seek collection of the outstanding balances 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. A sum of £751.91 in respect of six outstanding debts has been identified as non-collectable.
- 3.2 The Executive Director of Finance and Customer Services, under the Scheme of Delegation, has exercised powers to write-off those balances under £250. That has involved the write-off of five debtor accounts to the value of £381.91.
- 3.3 An analysis of the total write-off proposal is summarised below. 6 fall into the category of 'Small balances' where actions taken towards recovery have been exhausted and it is uneconomic to continue to seek recovery of the sums involved.

<b>Cause Analysis</b>	<b>Central Services £</b>	<b>HR £</b>	<b>Total £</b>
Deceased	0	0	0
Liquidations/Sequestration's etc	0	0	0
Gone away/No Trace	0	0	0
Small Balances/ Uneconomic to Pursue	85.16	666.75	751.91
Others	0	0	0
<b>Total</b>	<b>85.16</b>	<b>666.75</b>	<b>751.91</b>

<b>Value Analysis</b>	<b>Central Services £</b>	<b>HR £</b>	<b>Total £</b>
< £250	85.16	296.75	381.91
£250 - £1,000	0	370	370.00
> £1,000	0	0	0
<b>Total</b>	<b>85.16</b>	<b>666.75</b>	<b>751.91</b>

3.4 As detailed in paragraph 2.4, whilst approval is sought to write-off the sums within the financial systems, the Council will continue to monitor the situation and, if circumstances change, recovery of the sums due will be re-assessed.

#### **4. Financial Implications**

4.1 There are no budgetary implications arising from these recommendations as provision has been made within the annual estimates.

#### **5. Recommendation**

5.1 The Committee is asked to -

- (a) note the exercise by the Executive Director of Finance and Customer Services of delegated authority to write-off sums, all with a value of less than £250, to the total value of £381.91; and
- (b) approve the write-off of items over £250 to the value of £370 and to refer the report to the Policy and Resources (Finance and Customer Services) Sub-Committee for consideration.

  
**Executive Director of Corporate Services**

*Members seeking further information on the contents of this report should contact John Fleming, Corporate Services on ext 2228.*