

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref EK/PD

Date 28/08/19

General Debtors Debt Write-Off 2019/20

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Executive Summary

The purpose of this report is to present to Committee a summary of outstanding debtor accounts which are deemed uncollectable following all attempts at recovery or are not economically viable to pursue. In accordance with financial guidelines a bad debt provision has previously been established for the outstanding accounts highlighted in the report.

Recommendations

It is recommended that Committee

1. Note the decision of the Head of Financial Solutions under delegated responsibilities to write off £47,162.26 for debts under £500.
2. Approve the write off of £214,111.47 which includes debts greater than £500.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (21) Continue to identify and access opportunities to leverage additional resources to support our ambitions

1. Background

- 1.1 The Council issues invoices annually with an approximate value of £97.5m. Of this approximately £2.8m relates to Financial Solutions, which mainly consists of: -
- Home Insurance; and
 - Housing Benefits Overpayments
- 1.2 There will continue to be an appraisal of the outstanding balances to assess those which are deemed uncollectible. 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. Report

- 2.1 An analysis of the outstanding balances has been conducted and £261,273.73 has been identified as uncollectible. The write-off can be analysed and compared to the prior year as shown in the table below:

	2017/18	2018/19
Benefit Overpayment	£739,249.87	£261,273.73
Other Services	£475.48	£00.00
Total	£739,725.35	£261,273.73

- 2.2 The Head of Financial Solutions has exercised powers under the Scheme of Delegation to write-off those balances which are under £500, which represents £47,162.26 of the sum identified in paragraph 2.1.
- 2.3 An analysis of the total write-off proposed 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: -

Deceased. The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.

Liquidation/Sequestration. The debtor/business has been liquidated/sequestered etc., and there is no prospect of recovery of funds.

No Trace/Gone Away. The debtor has been unable to be located and there is no prospect of recovery of funds.

Small Balances/Uneconomical to pursue. There are insufficient funds or no realisable assets that are available to meet the debt and it is uneconomical to continue to seek recovery of the sum due.

Recovery Exhausted. There are insufficient funds or no realisable assets that are available to meet the debt and all appropriate recovery opportunities have been exhausted

- 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.
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3. Equality and Diversity

3.1 **Fairer Scotland Duty**
No Impact

3.2 **Equality Impact Assessment**
No Impact

4. Implications

4.1 **Financial Impact**
There are no additional financial implications for the current year because a corresponding bad debt provision has been included in previous year's accounts.

4.2 **HR/Policy/Legislative Impact**
No implications

4.3 **Environmental Impact**
No impact

4.4 **Risk Impact**
No impact

5. Measures of success

N/A

6. Supporting documents

N/A



Elaine Kemp
Head of Financial Solutions

APPENDIX 1

DEBT WRITE-OFF SUMMARY

Cause Analysis	£
Deceased	57,123.12
Liquidation/Sequestration etc.	58,857.33
Gone Away/No Trace	6,722.79
Small Balance/Uneconomic to pursue	5,155.02
Recovery Exhausted	133,415.47
Total	261,273.73

<u>Value Analysis</u>	£
< £500	47,162.26
>£500	214,111.47
Total	261,273.73