

North Lanarkshire Council Report

Communities and Housing Committee

approval noting

Ref LB/LMcM/WO19

Date 11/09/19

General Debtors Debt Write-Off 2019

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Executive Summary

This report presents a summary of outstanding debtor accounts which are deemed uncollectable following all attempts at recovery or are considered uneconomically viable to continue pursuing. In accordance with financial guidelines a bad debt provision has previously been established for the outstanding accounts. The total recommended write off for 2019/20 is £238,396.96.

Recommendations

It is recommended that Committee:

- (1) Notes the decision of the Executive Director (Enterprise and Communities) and the Head of Financial Solutions to write-off debts under £500, totalling a net figure of £91,106.19, under delegated responsibility;
- (2) Approves the write-off of all items over £500 to the value of £147,290.77; and
- (3) To remit this report to the Finance & Resources Committee.

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 During 2018/19, the Council issued invoices with an approximate value of £97m.
- 1.2 Within Enterprise and Communities there are a number of chargeable services including:
 - Building cleaning
 - Fleet
 - Waste collection and disposal

- Burials
 - Land rental charges
 - Rechargeable property repairs, and
 - Owner/occupier recharges
- 1.3 The value of Enterprise and Communities invoices raised during 2018/19 was approximately £30m. In conjunction with the corporate debt recovery team, every effort is made to recover any unpaid debt including reminder letters, the use of collection agents and legal action.
- 1.4 However, despite these steps there are a number of debts that are deemed uncollectible or are considered not economically viable to engage further collection activities and costs. This annual process of assessing the likelihood of debt non-recovery conforms to accepted best accounting practice and is a reasonable assessment of expected income.
- 1.5 The council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter and recovery is deemed practical.

2. Report

- 2.1 Analysis of the outstanding balances has been conducted and £238,396.96 has been identified as uncollectable.
- 2.2 There are a number of reasons why the outstanding balances are being written off and these are summarised below:-
- a) Deceased. The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.
 - b) Liquidation/Sequestration. The debtor/business has been liquidated/sequestered etc, and there is no prospect of recovery of funds.
 - c) No Trace/Gone Away. The debtor has been unable to be located and there is no prospect of recovery of funds.
 - d) 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 to seek recovery of the sum due.
- 2.3 The following tables categorise the value of debt recommended for write off by cause and value:

Cause Analysis	Former Infrastructure	Former Enterprise and Housing Resources	Total	Number of accounts
	£	£	£	
Deceased	113.95	1,331.17	1,445.12	12
Liquidations/Sequestrations etc	777.47	13,375.20	14,152.67	21
Gone Away/No Trace	570.40	12,600.94	13,171.34	30
Small Balances/Uneconomic to Pursue	23.99	104,682.20	104,706.19	639
Recovery Exhausted	61,948.03	42,973.61	104,921.64	261
Total	63,433.84	174,963.12	238,396.96	963

Value Analysis	£	£	£	
< £500	12,962.67	78,143.52	91,106.19	859
> £500	50,471.17	96,819.60	147,290.77	104
Total	63,433.84	174,963.12	238,396.96	963

- 2.4 The value of accounts identified for write-off represents a small proportion of the accounts raised annually by Enterprise and Communities (less than 1%). This is reflective of a number of strategies adopted by the service including payment in advance for services where possible, withdrawal of services for non-paying debtors, facilitating payment by direct debit and, where appropriate, payment arrangements.

3. Equality and Diversity

3.1 Fairer Scotland Duty

The duty under Fairer Scotland covers all policies used by North Lanarkshire Council.

3.2 Equality Impact Assessment

No equality impact assessment for debt recovery and/or debt write off.

4. Implications

4.1 Financial Impact

There are no additional financial implications linked to this report for the current financial year because a corresponding bad debt provision has been included in the previous year's annual accounts.

4.2 **HR/Policy/Legislative Impact**

The Debt Write-Off has been carried out in full compliance with the Council's Financial Regulations.

4.3 **Environmental Impact**

No implications.

4.4 **Risk Impact**

No implications.

5. **Measures of success**

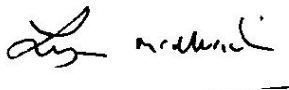
5.1 The Service continues to engage in a number of activities aimed at improving collection rates, reducing debt arising and streamlining the recovery process. These include:

- Application of the approved Debtors Policy and associated debt recovery procedures
- Performance management reports
- Payment arrangements
- Payment my direct debit
- Payment in advance

5.2 The Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter and recovery is deemed practical.

6. **Supporting documents**

6.1 Not applicable



Lizanne McMurrich
Head of Communities