

# North Lanarkshire Council Report

## Finance and Resources Committee

approval  noting

Ref EK/PD

Date 27/11/19

## General Debtors debt Write-Off 2019/20

**From** Elaine Kemp, Head of Financial Solutions

**Email** kempe@northlan.gov.uk

**Telephone** 01698 302408

### Executive Summary

The purpose of this report is to present to the Committee the summary of outstanding local taxation accounts which are deemed uncollectible following all attempts at recovery. A Bad Debt Provision has been included within the annual accounts recognising the non-collection of these accounts.

### Recommendations

It is recommended that Committee:

1. Note the decision of the Head of Financial Solutions under delegated responsibilities to write off £299,586.04 for debts under £500.
2. Approve the write off of £3,661,001.67 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 billed net £179m Council Tax and Water Charges and £117m Non Domestic Rates charges for the year 2019/20.
- 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 £3,960,587.71 has been identified as uncollectible. The write-off can be analysed as shown in the table below:

Cause Analysis	Council Tax	NDR	Total
Deceased	202,950.99		202,950.99
Liquidation / Sequestration etc	824,887.22	2,932,749.50	3,757,636.72
Total	1,027,838.21	2,932,749.50	3,960,587.71
Value Analysis	Council Tax	NDR	Total
<£500	284,704.74	14,881.30	299,586.04
>£500	743,133.47	2,917,868.20	3,661,001.67
Total	1,027,838.21	2,932,749.50	3,960,587.71

- 2.2 Collection of Local Taxation is sought from all payees in the year of liability and subsequent years with the use of diligence as appropriate. The level of collection is reported at each committee cycle.
- 2.2 Over time the collection of outstanding sums is prevented where there is no longer any legal basis to collect. This occurs where a person or business is subject to a sequestration, bankruptcy, winding-up or where the estate of the deceased has no funds to meet the debt and there is no other liable party.
- 2.3 For Council Tax a deceased person's estate may continue to be liable after their death until the property is sold or bequeathed in the winding up of the estate, consequently there are Council Tax debts for individuals who died during 2015/16 and show in later years as the estate is now settled.
- 2.4 The accounts submitted for write off are cases where there is no legal basis for recovery. To ensure that all legal recoveries are exhausted, e.g. distribution from estates / trustees etc, it is proposed that the write-off is applied after the third year of

the event. Outlined in Table 1 below are the sums for such cases as outlined in paragraph 2.2 which are currently held as debtor in the Council's accounts.

- 2.5 Council Tax debt for the years up to and including 2011/12 have been fully provided for and as such there is no cost to the Council associated with the write off of these debts. However for the years after this there is the potential of a cost to the Council. However this cost will be offset within the overall Council Tax budget.
- 2.6 There is no cost to the Council in respect of the NDR write off as this is accounted for in the NDR pooling arrangements with Scottish Government.
- 2.7 The Head of Financial Solutions has exercised powers under the Scheme of Delegation to write-off those balances which are under £500, which represents £299,586.04 of the sum identified in paragraph 2.1.

---

### **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**

- 5.1 N/A

---

### **6. Supporting documents**

- 6.1 N/A



**Elaine Kemp**  
**Head of Financial Solutions**