

North Lanarkshire Council Report

Housing and Regeneration Committee

approval noting

Ref LB/LMcM/WO20

Date 09/09/20

General Debtors Debt Write-Off 2020

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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 2020/21 is £173,976.02.

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 £111,815.81, under delegated responsibility;
- (2) Approves the write-off of all items over £500 to the value of £62,160.21; 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 2019/20, the Council issued invoices with an approximate value of £90m
- 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 2019/20 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 £173,976.02 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	Total £	Number of accounts
Deceased	928.63	8
Liquidations/Sequestrations etc	3,926.11	13
Gone Away/No Trace	7,011.86	38
Small Balances/Uneconomic to Pursue	117,180.65	859
Recovery Exhausted	44,928.77	246
Total	173,976.02	1,164

Value Analysis	£	
< £500	111,815.81	1,096
> £500	62,160.21	68
Total	173,976.02	1,164

- 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. In addition, Covid-19 has had an impact on the level of debt write-off with some debt chasing activities delayed due to lockdown, employment uncertainties and economic downturn.
- 2.5 For comparison purposes, the total write off approved by the Communities and Housing Committee in September 2019 was £238,397; representing a 27% reduction.

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**

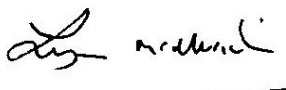
5.1 The Service continues to engage in a number of activities aimed at improving collection rates, reducing debt arising and streamlining the recovery process. These include:

- 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