



REPORT TO: MORAY COUNCIL ON 30 JUNE 2021

**SUBJECT: INFORMATION REPORT: SUNDRY DEBT WRITE-OFF
INFORMATION FOR 2020/2021**

**BY: DEPUTE CHIEF EXECUTIVE (ENVIRONMENT, ECONOMY AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To advise Council with the details of Sundry Debt transactions, which were written off during 2020/21 relating to invoices raised up to 31 March 2019.
- 1.2 This report is submitted to Council in terms of Section III A (2) of the Council's Administrative Scheme relating to the regulation and management of the Council's finances according to policy.

2. BACKGROUND

- 2.1 The current Sundry Debt Management Procedures which include the procedure on debt write off, were approved by Policy and Resources Committee on 1 September 2015 (paragraph 9 of the Minute refers). Sundry debts are defined as all amounts due to the Council with the exception of Housing Rents, Non Domestic Rates and Council Tax.
- 2.2 The process of writing off debts is an administrative exercise, which removes the debts from the Council's balance sheet but in practical terms still allows the Council to pursue the debts until they can no longer be legally recovered (time prescribed after 5 years).
- 2.3 The write off process only commences after all other avenues of recovery have been exhausted. The other processes are detailed below:
- First Council reminder (day 21)
 - Second Council reminder (day 49)
 - Referral to external debt collector (day 59)
 - Further reminder letters
 - Telephone contact
 - Doorstep collection (where appropriate)
 - Salary arrestment (where appropriate)
 - Court action (where appropriate)

2.4 To avoid referring debt to the external debt collector a number of additional actions are taken by Finance staff:

- Instalment arrangements are offered when required
- Regular debt management information reports are produced for departments to review
- Regular meetings are held with departments to discuss potential defaulters.
- Regular contact with departments regarding sensitive debt (eg for social care services). Departmental knowledge of their customers can lead to recommendation for write off on economic grounds. The majority of these are invoices for Social Care services.

2.5 A summary of reasons for invoices being written off after the year end are shown in the table below:

Reason	Value (£)	Count	% of total value written off	% of total number written off
Department recommendation	21,435.67	28	9.39	2.04
Bankrupt/Sequestration	8,776.02	33	3.85	2.40
External debt collector recommendation	181,326.97	1210	79.47	88.06
Finance recommendation	984.84	21	0.43	1.53
Gone away	15,656.94	82	6.86	5.97
Total	228,180.44	1374	100	100

2.6 The same invoices have been analysed by service and are shown in the table below.

Service	Value	Count	% of Total Value Written Off	% of Total Number Written Off
Corporate Services	237.32	5	0.10	0.36
Health & Social Care	62,600.32	357	27.44	25.98
Environmental Services	105,430.26	447	46.20	32.54
Educational Services	13,895.65	294	6.09	21.40
HRA	43,801.90	266	19.20	19.36
Estates	2,214.99	5	0.97	0.36
Total	228,180.44	1374	100	100

3. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

None directly relating to this report.

(b) Policy and Legal

The process employed to establish the debt for write off is prescribed by the Council's Debt Management Policy.

The Council's Financial Regulations state that the Chief Financial Officer shall act on advice from the Head of Governance, Strategy and Performance, external debt collectors and/or Sheriff Officers when determining debts to be written off for accounting purposes. Details of debts written off shall be retained for credit control purposes and to allow the debts to be pursued at any stage until they become time prescribed.

(c) Financial implications

The financial implications are shown in paragraphs 2.5 and 2.6 but all debts will continue to be pursued until the Council is legally prevented from doing so.

(d) Risk Implications

Regular meetings are held with departments in order to identify and contact defaulters quickly to reduce the Council's exposure to unpaid debt. Any new information received by the Council is used to pursue the debt until legally prescribed.

(e) Staffing Implications

None directly relating to this report.

(f) Property

None directly relating to this report.

(g) Equalities/Socio Economic Impact

None directly relating to this report.

(h) Consultations

The process of writing off invoices involves continuous consultation with both the Council's external debt collection agency and the relevant service departments.

5. CONCLUSION

5.1 All debts will continue to be pursued until they can no longer be legally recovered or it becomes uneconomic to pursue recovery.

5.2 Debts amounting to £228,180.44 were considered to be sufficiently unlikely to be recovered as to warrant being written off during 2020/21, which is to say they are no longer included as debtors on the Council's balance sheet.

Author of Report:
Ref:

Daniel Littlewood, Assistant FMS & Banking Manager
DL/