

WYRE FOREST DISTRICT COUNCIL

CABINET
21st August 2008

Sundry/Property Debt Position as at 31st March 2008

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN AIM:	A Well-Run and Responsive Council
CABINET MEMBER:	Councillor John Campion
HEAD OF SERVICE:	Head of Financial Services Ext. 2100 david.buckland@wyreforestdc.gov.uk
CONTACT OFFICER:	Head of Financial Services Ext. 2100
APPENDIX 1	Sundry/Property Debt position as at 31 st March 2008

1. PURPOSE OF REPORT

- 1.1 To inform members of the Sundry/Property debt position as at 31st March, together with details of performance against the targets.

2. RECOMMENDATION

The Cabinet is asked to DECIDE that:

- 2.1 **The Sundry/Property debt level, age of debt and performance against targets, as at 31st March 2008, be noted.**
- 2.2 **To agree that a review of payment methods for debtor amounts be carried out and reported to Cabinet as part of the next six month review.**

3. BACKGROUND

- 3.1 Monitoring of the Council's debts is an integral part of the Comprehensive Performance Assessment (CPA). Its impact on the authority's Use of Resources assessment (key line of enquiry 3 – Financial Standing) and the External Auditors recommend that Cabinet receive reports on the collection of income and recovery of arrears.
- 3.2 This is the first report to Cabinet of the Sundry/Property debt level, age of debt and performance against targets. The statistical and performance data will continue to be developed and refined to ensure that Cabinet receives the information necessary to monitor performance.
- 3.3 Housing Benefits overpayment debt position is reported to Cabinet on a six monthly basis. The Housing Benefits overpayment debt position as at 31st March 2008 was reported to the June Cabinet. The Sundry/Property Debt Position as at 31st March

2008 is reported here. Six monthly reports will be aligned with the Housing Benefit report hereafter.

- 3.4 Sundry Debts covers a wide range of services that the Council provides including Trade Waste contracts, pest control and sport pitches. Property Debts are in respect of rents, leases, licences and service charges of Council assets including industrial units and other commercial property; these are dealt with by Property and Operational Services.
- 3.5 The Head of Financial Services is responsible for the overall supervision and control of all income, whilst individual Divisions are responsible for their own debts from inception to payment or eventual write-off. Sundry/ Property Debts are actively pursued with any request for write-off being prepared in accordance with Council procedures as a last resort.
- 3.6 To facilitate this process, the Council monitors all categories of income collection and recovery of arrears based on the Age profile of debt. This includes weekly and monthly reports on debts outstanding provided by Financial Services to relevant Divisions, regular dialogue and debt monitoring meetings.
- 3.7 The level of long standing debt is generally confined to the following areas:
 - Recovery of works in default. A charge is placed by Legal Services on a property and will be recovered from its subsequent sale.
 - Repayment of several property debts by relatively small instalments.
- 3.8 The procedure for recovery of monies owed to the Authority is detailed in the “Sundry Debt procedure Document” listed under Legal Services on the intranet. Each Division is supplied with a comprehensive list of all outstanding debts as soon as possible after month end, analysed by the usual time criteria:
 - Debts less than 3 months old
 - Debts 3-6 months old
 - Debts 6-12 months old
 - Debts 12-24 months old
 - Debts more than 24 months old
- 3.9 The recovery action taken is determined in accordance with the circumstances of each case. The type of recovery action being taken on Sundry/Property debts includes:
 - Agreements to pay by the debtor
 - Debts with the Council’s legal services to action

4. PERFORMANCE

- 4.1 The table below summarises the position in relation to the total performance for Debtors.

Summary of Debtors Performance	2006/07	2007/08	Increase/ (Decrease)	Percentage
Debts raised during year				
Value	£2,961,433	£3,147,193	£185,760	6.3%
Number	4,660	4,505	(155)	(3.3%)
Total debts outstanding at year end				
Value	£715,566	£836,133	£120,567	16.8%
Number	1467	1567	109	7.43%
of which more than 6 months old				
Value	£40,050	£38,078	(£1,972)	(4.9%)
Number	142	149	7	4.9%
Total Debts written off in year				
Value	£38,590	£1,388	(£37,202)	(96.4%)
Number	25	7	(18)	(72.0%)

Attached at Appendix 1 is a detailed breakdown and further explanation of the debt position as at 31st March 2008. The Appendix also splits Property debts from the Sundry debts.

5. **KEY ISSUES**

- 5.1 The key messages that can be established from the table above are as follows:
- The Council raised more than £3million in debtor invoices during 2007/08 during the same period only £1,388 has been written off, this is less than 0.05% of the debt raised.
 - As at 31st March 2008 there were a total of £38,078 of debts which are more than 6 months old. That means that the Council has collected 98.7% of debts raised within 6 months.
- 5.2 The Council has introduced two Local Performance Indicators for debtor management:
- Property Debtor Arrears as a percentage of Annual Rent Roll – 2.9 % in 2007/08 compared with 4.3% in 2006/07.
 - Non – Property Debts – debts outstanding over 24 months old as a percentage of total outstanding debt. – 4.85% in 2007-08 compared with 7.00% in 2006/07.

6. **FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications associated with this report.

7. **LEGAL AND POLICY IMPLICATIONS**

- 7.1 To ensure the Sundry/Property Debt position is reported to Cabinet in accordance with the Sundry/Property Debtors management Policy.

8. **RISK MANAGEMENT**

- 8.1 If action is not taken on a timely basis to manage Sundry/Property Debts, the likelihood of full recovery is reduced. Procedures and controls are in place to reduce the risk.

9. CONCLUSION

9.1 The Sundry/Property Debt position is subject to detail scrutiny and monitoring. Action is taken to recover monies as speedily and efficiently as possible.

10. CONSULTEES

10.1 Divisional Heads of Service

11. BACKGROUND PAPERS

11.1 Sundry/Property Debtors Management Policy – 26th June 2008