

**WYRE FOREST DISTRICT COUNCIL****CABINET**  
**19<sup>th</sup> February 2008****Sundry/Property Debt Position as at 30<sup>th</sup> September 2008**

| <b>OPEN</b>                                 |  |
|---|--|
| <b>SUSTAINABLE COMMUNITY STRATEGY THEME</b> | Stronger communities   |
| <b>CORPORATE PLAN AIM</b>                   | A Well-Run and Responsive Council  |
| <b>CABINET MEMBER</b>                       | Councillor John Campion  |
| <b>HEAD OF SERVICE</b>                      | Head of Financial Services Ext. 2100<br>david.buckland@wyreforestdc.gov.uk   |
| <b>CONTACT OFFICER</b>                      | Head of Financial Services Ext. 2100   |
| <b>APPENDICES</b>                           | Sundry/Property Debt position as at 30 <sup>th</sup> September 2008<br>Payment methods for debtor accounts as at 30 <sup>th</sup> September 2008 |

**1. PURPOSE OF REPORT**

- 1.1 To inform members of the Sundry/Property debt position as at 30<sup>th</sup> September 2008, summary attached as an Appendix, 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 30<sup>th</sup> September 2008, be noted.**
- 2.2 **Review of payment methods for debtor accounts be noted.**

**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 A summary of the Sundry/Property Debt position as at 30<sup>th</sup> September 2008 is shown in Appendix 1.
- 3.3 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.

- 3.4 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.
- 3.5 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.
- 3.6 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, along with the associated interest.  
Repayment of several property debts by relatively small instalments.  
Debts subject to legal action or write off approval.
- 3.7 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
- 3.8 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
- 3.9 The Council ensures that a wide variety of payment methods are available. In April ATP credit card payments via the Hub were introduced. The debtor amounts and number of transactions has been reviewed and the results as at 30<sup>th</sup> September are shown in Appendix 2

#### **4. PERFORMANCE**

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

| Summary of Debtors Performance                                 | As at 30 <sup>th</sup> September 2007 | As at 30 <sup>th</sup> September 2008 | Increase/ (Decrease) | Percentage |
|--|---------------------------------------|---------------------------------------|----------------------|------------|
| <b>Debts raised as at 30<sup>th</sup> September</b>            |                                       |                                       |                      |            |
| Value  | £1,244,598                            | £1,084,083                            | (£160,515)           | (12.9%)    |
| Number   | 1,454                                 | 1,408                                 | (46)                 | (3.2%)     |
| <b>Total debts outstanding as at 30<sup>th</sup> September</b> |                                       |                                       |                      |            |
| Value  | £431,356                              | £321,226                              | (£110,130)           | (25.5%)    |
| Number   | 685                                   | 668                                   | (17)                 | (2.5%)     |
| of which more than 6 months old                                |                                       |                                       |                      |            |
| Value  | £46,781                               | £45,977                               | £804                 | 1.7%       |
| Number   | 189                                   | 205                                   | 16                   | 8.5%       |
| <b>Total Debts written off in year</b>                         |                                       |                                       |                      |            |
| Value  | £0                                    | £2,926                                | £2,926               | 100%       |
| Number   | 0                                     | 32                                    | 32                   | 100%       |

Attached at Appendix 1 is a detailed breakdown and further explanation of the debt position as at 30<sup>th</sup> September 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 £1million in debtor invoices during the period to 30<sup>th</sup> September 2008 during the same period only £2,926 has been written off, this is less than 0.27% of the debt raised.
  - As at 30<sup>th</sup> September 2008 there were a total of £45,977 of debts which are more than 6 months old. That means that the Council has collected 95.8% 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 – 3.9 % as at 30<sup>th</sup> September 2008 compared with 3.4% as at September 2007.
  - Non – Property Debts – debts outstanding over 24 months old as a percentage of total outstanding debt. – 6.06% as at September 2008 compared with 4.72% as at September 2007.

## 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 – 26<sup>th</sup> June 2008