

WYRE FOREST DISTRICT COUNCIL**CABINET MEETING**
21ST SEPTEMBER 2010**Sundry/Property Debt Position as at 31st March 2010**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger communities
CORPORATE PLAN AIM:	A Well-Run and Responsive Council
CABINET MEMBER:	Councillor N J Desmond
DIRECTOR:	Director of Resources
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APPENDICES:	Appendix 1 - Sundry/Property Debt position as at 31 st March 2010 Appendix 2 - Payment Methods for Debtor Accounts

1. PURPOSE OF REPORT

- 1.1 To inform members of the Sundry/Property debt position as at 31st March 2010, 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 2010, be noted.**
- 2.2 **The payment methods for debtor accounts be noted.**

3. BACKGROUND

- 3.1 Monitoring of the Council's debts is an integral part of Performance Management. Its impact on the authority's Use of Resources assessment (Theme – Managing Finances, key line of enquiry 1.3 – Financial Reporting) and the External Auditors recommend that Cabinet receive reports on the collection of income and recovery of arrears.
- 3.2 This reports to Cabinet 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 The Housing Benefits overpayment debt position as at 31st March 2010 was reported to the June Cabinet. The Sundry/Property Debt Position as at 31st March 2010 is reported here. The Sundry/Property Debt position as at 30th September 2009 was reported to Cabinet on 19th January 2010.

- 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 Legal and Corporate Services.
- 3.5 The Director of Resources is responsible for the overall supervision and control of all income, whilst individual Directorates 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 the Resources Directorate to relevant Directorates, 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 and Corporate 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 and Corporate Services on the intranet. Each Directorate 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 and Corporate Services Directorate to action

4. PERFORMANCE

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

Summary of Debtors Performance	2008/09	2009/10	Increase/ (Decrease)	Percentage
Debts raised during year				
Value	£3,106,010	£2,753,182	(£352,828)	(11.36%)
Number	3902	3210	(692)	(17.73%)
Total debts outstanding at year end				
Value	£969,958	£876,097	(£93,861)	(9.68%)
Number	1166	1130	(36)	(3.09%)
of which more than 6 months old				
Value	£65,549	£102,985	£37,436	57.1%
Number	175	175	0	0
Total Debts written off in year				
Value	£3,383	£18,554	£15,171	448.4%
Number	39	76	37	94.9%

Attached at Appendix 1 is a detailed breakdown and further explanation of the debt position as at 31st March 2010. The Appendix also splits Property debts from Sundry debts.

4.2 Attached at Appendix 2 is a detailed review of the payment methods available for debtor accounts.

5. KEY ISSUES

5.1 The key messages that can be established from the table above are as follows:

- The Council raised nearly £3 million in debtor invoices during 2009/10 during this period £18,554 has been written off, this is around 0.6% of the debt raised (2007/08 – 0.1%).
- As at 31st March 2010 there were a total of £102,985 debts which are more than 6 months old. That means that the Council has collected 96.3% of debts raised within 6 months (2008/09 – 97.9%).

5.2 The Council has introduced two Local Performance Indicators for debtor management:

- Property Debtor Arrears as a percentage of Annual Rent Roll – 10.50% in 2009/10 (6.3% in 2008/09).
- Non – Property Debts – debts outstanding over 24 months old as a percentage of total outstanding debt. – 4.02% in 2009-10 (4.35% in 2008/09).

5.3 The total debts outstanding at year end have decreased by £93,861. The main reason for this decrease is a reduction of debts outstanding between 0-3 months old by £163,395. However debts over 3 months old have increase by £69,534. The majority of these debts related to Trade Waste. It should also be noted that the debts referred for legal action total £42,260 (2008/09 £11,660).

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. EQUALITY IMPACT ASSESSMENT

- 9.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

10. CONCLUSIONS/ACTIONS

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

11. CONSULTEES

- 11.1 Corporate Management Team
11.2 Cabinet

12. BACKGROUND PAPERS

- 12.1 Sundry/Property Debtors Management Policy – 26th June 2008
Sundry/Property Debt Position as at 30th September 2009
Sundry/Property Debt Position as at 31st March 2008
Sundry/Property Debt Position as at 30th September 2008

Appendix 1

Sundry and Property Debtor Performance as at 31st March 2010

Table 1			
Outstanding Debt at 31st March 2010 and 31st March 2009			
Description	Sundry Debtors £	Property Debtors £	Total £
Outstanding debt position as at 31 st March 2010	749,062	127,035	876,097
Outstanding debt position as at 31 st March 2009	811,397	158,561	969,958
Increase/(Decrease) on previous year	(62,335)	(31,526)	(93,861)
Percentage Increase/(Decrease)	(7.68%)	(19.88%)	(9.68%)

When compared to 2008/09, the outstanding Sundry/Property debt position as at 31st March 2010 has decreased. Sundry Debts have decreased by (7.68%); this is mainly due to the 2009-10 invoice to Worcestershire County Council's Quarter 4 contribution to the HUB being raised at the beginning of 2010-11. In 2008-09 this invoice was raised at the end of this financial year (£74,325).

Property Debts have decreased by 19.88%. There has been a reduction in outstanding debts for 0-3 months of £32,626 and no significant change to debts outstanding for over 3 months. All debts over 3 months old have agreements in place for payment by instalment, are under investigation by the originating Service Directorate or have been referred to Legal and Corporate Services. One Property Debt for £1816.20 has been recommended for write off.

Table 2			
Total debts raised in 2009/2010 compared with total debts raised in 2008/09			
Description	Sundry Debtors £	Property Debtors £	Total £
Total debts raised in 2009/10	2,148,045	605,137	2,753,182
Total debts raised in 2008/09	2,498,500	607,510	3,106,010
Increase/(Decrease) on previous year	(350,455)	(2,373)	(352,828)
Percentage Increase/(Decrease)	(14.03%)	(0.39%)	(11.36%)
Number of debts raised in 2009/10	2,584	626	3210
Number of debts raised in 2008/09	3,250	652	3,902
Average value of debtor account raised in 2009/10	864	1,018	893
Average value of debtor account raised in 2008/09	710	905	£742

The increase in the outstanding Sundry/Property debts should be considered alongside the following:

- The total Sundry/Property debt raised in 2009/10 has decreased by (£352,828) a decrease of 11.36%.
- The total Sundry debt raised in 2009/10 was £2.148 million, a decrease of 14.03% over 2008/09. (2008/09 £2.499 million).
- The total Property debt raised in 2009/10 was £0.605 million, a decrease of 0.39% over 2008/09. (2008/09 £0.608 million).
- The number of Sundry/Property debtor invoices raised in 2009/10 has decreased to 3,210. (2008/09 3,902).
- The number of Sundry debtor invoices raised in 2009/10 has decreased to 2,584. (2008/09 3,250).
- The number of Property debtor invoices raised in 2009/10 has decreased to 626. (652 2008/09).

Table 3			
Outstanding debt as a percentage of debt raised			
Description	Sundry Debtors	Property Debtors	Total
Outstanding debt as a percentage of debt raised in 2009/10	34.87%	20.99%	31.82%
Outstanding debt as a percentage of debt raised in 2008/09	32.48%	26.10%	31.23%

The debts outstanding as at 31st March 2009 of £876,097 represents 31.82% of the total debts raised in 2009/10 of £2.753 million. The comparative figure as at 31st March 2009 of £969,958 represents 31.23% of the amount of total debt raised in 2008/09 of £3.106 million.

Table 4						
Debts outstanding for less than 6 months and more than 6 months at 31st March 2010						
Description	Sundry Debtors £		Property Debtors £		Total £	
Debts outstanding for less than 6 months at 31 st March 2010	666,279	89.0%	106,834	84.1%	773,113	88.2%
Debts outstanding for more than 6 months at 31 st March 2010	82,783	11.0%	20,201	15.9%	102,984	11.8%
Total debts outstanding at 31 st March 2010	749,062	100%	127,035	100%	876,097	100%

Table 5						
Debts outstanding for less than 6 months and more than 6 months at 31st March 2009						
Description	Sundry Debtors £		Property Debtors £		Total £	
Debts outstanding for less than 6 months at 31 st March 2009	763,717	94.1%	140,692	88.7%	904,409	93.2%
Debts outstanding for more than 6 months at 31 st March 2009	47,680	5.9%	17,869	11.3%	65,549	6.8%
Total debts outstanding at 31 st March 2009	811,397	100%	158,561	100%	969,958	100%

The total debt position at 31st March 2010 is analysed between debt which is less than six months old of £773,113 being 88.25% of the total debt (2008/09 £904,409 93.24%) and debt which is more than 6 months old of £102,984 being 11.75% of total debt (2008/09 £65,549 6.8%).

Table 6			
Number of invoices outstanding for more than 6 months as at 31st March 2010 compared with number of invoices outstanding for more than 6 months as at 31st March 2009			
Description	Sundry Debtors	Property Debtors	Total
Number of invoices outstanding for more than 6 months at 31 st March 2010	155	46	201
Number of invoices outstanding for more than 6 months at 31 st March 2009	143	32	175

There were 201 invoices greater than 6 months old at 31st March 2010, with a total debt of £102,984 (2008/09 175 invoices with a total debt of £65,549) This is a increase of £37,436, 57.11% (Sundry debts have increased by £35,103, 73.62% and Property debts have increased by £2,333, 13.06%).

Table 7			
Average level of debts greater than 6 months old			
Description	Sundry Debtors	Property Debtors	Total
Average level of debts greater than 6 months old as at 31 st March 2010	£534.09	£439.16	£512.36
Average level of debts greater than 6 months old as at 31 st March 2009	£333.43	£558.39	£374.57
Percentage increase/(decrease) in the average value of debt over 6 months old	60.18%	(21.35%)	36.79%

Table 8			
Total value of debts written off as at 31st March 2010			
Description	Sundry Debtors £	Property Debtors £	Total
Total value of debts written off as at 31 March 2010	13,700	4854	18,554
Total value of debts written off as at 31 st March 2009	£3,383	£0	£3,383

In 2009/10 the total of write-offs was £18,554 (2008/09 £3,383, 39 debts). Of these £806 (10 debts) were within Planning, Health and Environment. £17,748 (66 debts) were within the Property and Operational Division (£4854 were Property Debts, £5738 were Trade Waste, £4406 were for hire of facilities, the remainder were mainly Sport Pitches). These debts were written off under delegated powers by the Head of Financial Services in accordance with Financial Regulation 9.7. Write offs are only prepared as a last resort.

APPENDIX 2

Payment Methods for Debtor Amounts

Transaction method	As at 31 st March 2009				As at 31 st March 2010			
	Transaction Number	Percentage	Transaction Amount	Percentage	Transaction Number	Percentage	Transaction Amount	Percentage
Cash	308	7.11%	35,019	1.16%	294	8.45%	40,758	1.45%
Cheque	2,803	64.68%	1,401,142	46.31%	2,166	62.24%	1,253,244	44.65%
Debit Card	116	2.68%	24,690	0.82%	85	2.44%	17,736	0.63%
Credit Card	35	0.81%	6,287	0.21%	9	0.26%	2,641	0.09%
ATP Debit Card	45	1.04%	12,512	0.41%	49	1.41%	9,373	0.33%
ATP Credit Card	10	0.23%	3,196	0.11%	7	0.20%	2,343	0.08%
Multi	35	0.81%	13,746	0.45%	13	0.37%	9,130	0.33%
Direct Debit	215	4.96%	126,549	4.18%	176	5.06%	99,037	3.53%
Direct to Bank	766	17.68%	1,402,726	46.35%	681	19.57%	1,372,531	48.91%
TOTAL	4,333	100.00%	3,025,867	100.00%	3480	100.00%	2,806,793	100.00%

Cash and Cheque – payments made through the HUB

Debit/Credit Cards – payments made through the HUB

ATP Debit/Credit Cards – payments made via Telephone calls to HUB (ATP Credit Card facilities introduced as at 1st April 2008)

Multi Transaction methods are those payments that include two methods – cash/cheque or card/cash etc

Direct to Bank – payments made direct to the bank