

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Date of meeting: 17 March 2008.

Portfolio: Finance, Performance Management & Corporate Support Services.

Subject: Sundry Debtors – Policy and Performance.

Responsible Officer: Brian Moldon (01992-564606).

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

- (1) To consider and adopt the updated Sundry Income and Debt policy; and**
- (2) To note the performance of the sundry debt function.**

Introduction:

1. This Committee previously adopted the Sundry Income and Debt Policy on 29 January 2007 and the policy is subject to an annual review.
2. This report seeks to further embed the collection of sundry debts into the Council and to provide Members with information on how the Council performed in relation to the collection of sundry debts in the financial year 2006/07.

Sundry Income and Debt Policy:

3. This policy should be reviewed and updated on an annual basis and so is presented here for Members consideration. The policy has been updated to reflect the comments received from Finance, Legal and Internal Audit and the experience of the policies first year of operation.
4. Following an Internal Audit report on sundry debtors in March 2007, it was recommended that a formal sundry debtor write off policy be developed which identifies the process by which all write offs must be raised, authorised and managed. This is now included within Appendix C of the Debt Policy.

Performance Management:

5. Following the adverse comments on the collection of debt in the 2006 Use of Resource assessment. Finance and Legal services undertook a review of how the Council collected the sundry debts. The outcome of this review was a new debt recovery procedure that was introduced into the Council on 1 November 2006.
6. The table below shows the improvement made by the Council in the collection rate of the sundry debts over a number of years:

Financial Year	2002/03	2003/04	2004/05	2005/06	2006/07
Collected for the year	54.11%	70.23%	72.07%	77.66%	80.38%

7. To continue this improvement it is important that all services actively engage in the collection of sundry debts. This has been assisted with the introduction of the Sundry Income and Debt policy last January and from training sessions organised by Finance and Legal.

8. Within the Sundry Income and Debt Policy there are a number of performance measures that were approved by Members. This report will show the first year results of this performance for Members to note.

		2006/07
Level of debt as at 31 st March		£2,188,500.72
Level of irrecoverable debt provision as at 31 st March		£985,268
Average number of days, debts are outstanding for invoices raised within the preceding 12 months		53.7 days
Average number of days, debts are outstanding for all invoices		106.5 days
Percentage of debt collected in 42 days (42 days represents the number of days before legal are involved in the recovery process)	By number	58.16%
	By value	50.79%
Percentage of debt collected in 60 days (60 days represents the number of days before a 10% contribution can be requested by Finance or Legal – see 9.2)	By number	69.18%
	By value	61.44%
Aged debt analysis (see appendix 1)		
Analysis of write offs by service (see appendix 1)		

9. These figures have been presented at this time so that they can be considered as part of the annual review of the policy. A further report will be made to the June meeting when the data for 2007/08 will also be available to allow a more meaningful analysis and comparison.

Conclusion:

10. A considerable amount of work has been undertaken in producing and updating the Sundry Income & Debt Policy and this now needs to be re-adopted by Members to ensure the Council demonstrates that it has embraced and embedded improvements in debt collection procedures.

Aged Debt Analysis as at 31st March 2007

Service	0-30 Days		31-60 Days		61-180 Days		181-365 Days		1-5 Years		Total	
	£	No	£	No	£	No	£	No	£	No	£	No
Environmental	18,497.51	16	2,695.61	7	31,848.18	27	10,416.25	22	52,837.95	84	116,295.50	156
Finance	9,207.15	3	72.80	1	69.84	1	9,878.91	39	17,595.77	55	36,824.47	99
Housing Benefits	27,094.93	22	82,421.11	43	73,930.64	72	107,825.71	100	535,573.49	282	826,845.88	519
Human Resources		0		0	205.00	1		0	2,062.77	10	2,267.77	11
Housing	4,014.76	48	-663.16	50	3,329.87	137	71,257.49	279	94,987.67	1522	172,926.63	2036
Legal, Admin & Estates	482,391.06	198	7,216.50	5	30,928.88	26	28,993.81	22	12,597.23	12	562,127.48	263
Leisure	270,302.26	46	534.37	4	32,455.15	1		0	21,387.78	6	324,679.56	57
Planning	25,930.94	29	41,614.59	13	2,354.52	5	3,649.82	5	53,728.74	57	127,278.61	109
Research & Democratic Works	6,000.00	1	11,500.00	2		0		0		0	17,500.00	3
	1,406.42	14	40.00	1		0		0	308.40	1	1,754.82	16
Total	844,845.03	377	145,431.82	126	175,122.08	270	232,021.99	467	791,079.80	2029	2,188,500.72	3269

Write Off by Service

Service	Number of Invoices	Amount
Environmental	161	£44,412.95
Finance	6	£494.56
Housing Benefits	57	£51,730.15
Housing	35	£2,124.66
Legal, Admin & Estates	1	£1,050.00
Leisure	35	£9,203.96
Planning	1	£418.07
Total	296	£109,434.35