

# **Report to the Finance and Performance Management Cabinet Committee**



**Epping Forest  
District Council**

**Date of meeting: 22 September 2008**

**Portfolio: Finance and Performance Management**

**Subject: Sundry Debtors Performance Indicators**

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## **Recommendations/Decisions Required:**

- 1. To note the performance of the sundry debt function.**

### **Executive Summary:**

The report shows that the collection of new debts is effective. However, the figures overall suffer from a residue of older debt and it is clear that this is the area that efforts now need to be concentrated on.

### **Reasons for Proposed Decisions:**

The recommendation is to note rather than to make any decisions.

### **Other Options for Action:**

Members could request additional information, although officers were anxious to provide an accurate picture of performance without swamping the report with statistics.

### **Report:**

1. At this committee on 17 March 2008 Members were advised of the performance of the collection of sundry debts for 2006/07. At that time the figures for 2007/08 were not known, these have now been reviewed and are presented here for Members to note.
2. 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 in to the Council on 1 November 2006.
3. Table 1 shows the collection rate of the sundry debts over the last five years.

<b>Financial Year</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Collected for the year	70.23%	72.07%	77.66%	80.38%	73.57%

4. Members will note that there was a drop in the collection rate for 2007/08. However, table 2 shows that there has been a slight increase in the collection of new debts when looking at the number of debtor days with debts raised within the preceding 12 months and the percentage of debt collected within 42 and 60 days.

5. This shows in relation to new debts the amended recovery procedure is effective as these are being collected quicker. More emphasis is now being placed on collecting as much of the old debt as possible. This includes further reports being sent to Directors, requesting that these debts should be either written off if there is not enough evidence for Court action, or to instruct Legal to take Court action.
6. The Council has also started to use a debt agency. This is a new process and therefore we do not have any data to identify how successful this is currently.

<b>Table 2 – Performance Indicators</b>			
		<b>2006/07</b>	<b>2007/08</b>
Level of debt as at 31 <sup>st</sup> March		£2,188,501	£2,614,496
Level of irrecoverable debt provision as at 31 <sup>st</sup> March		£985,268	£1,107,581
Value of debts written off in year		£109,434	£47,214
Average number of days, debts are outstanding for invoices raised within the preceding 12 months		53.7 days	45.5 days
Average number of days, debts are outstanding for all invoices		106.5 days	112.9 days
Percentage of debt collected in 42 days (42 days represents the number of days before legal are involved in	By number	58.16%	59.29%
	By value	50.79%	51.57%
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%	70.27%
	By value	61.44%	62.93%
Aged debt analysis (see appendix 1)			

### **Benchmarking**

7. The Council contributes to the CIPFA Debtor Benchmarking Club, submitting data on its debt collection. In return, the Council receives reports comparing its performance to other club members. The results are shown in table 3

<b>Table 3 - CIPFA Benchmarking Club results 2007/08</b>			
	<b>Epping Forest District Council</b>	<b>All Club members</b>	<b>Closest Comparators</b>
Number of respondents	1	40	8
Invoices raised cleared within 3 months	95%	90%	90%
Debtor days less current period for Commercial Properties	16 days	24 days	35 days
Debtor days less current period for Leaseholders	83 days	62 days	96 days
Debtor days less current period for Housing Benefits	790 days	716 days	716 days
Debtor days less current period for Housing Recharges	198 days	579 days	579 days
Debtor days less current period for all other debts	36 days	27 days	24 days

8. Invoices raised and cleared within 3 months gives a measure of current performance which is an important indicator of whether the longer term debt position is likely to improve or not. The indicator is based on three weeks spread through the year, for which the number of invoices fully cleared within 90 days is given as a percentage of invoices raised in the week. The three weeks used by the benchmarking club were chosen by CIPFA. The table shows that Epping Forest current performance with latest invoices is 95%, 5% above the average of other Councils involved in the benchmarking club.
9. The debtor days measure the number of days worth of debt that is outstanding. For the benchmarking club this information is split down over a number of activities. Our performance against other authorities is mixed, on two of the activities we have the best performance, but on another two we have the worst.
10. The collection of Housing Benefits debts suffered from staff sickness and turnover in 2007/08. That section is now fully staffed again and a significant improvement has been targeted for 2008/09.

**Resource Implications:**

No additional resource requirements.

**Legal and Governance Implications:**

None.

**Safer, Cleaner, Greener Implications:**

None.

**Consultation Undertaken:**

None.

**Background Papers:**

None.

**Impact Assessments:**

No equalities or risk management impacts.

**Aged Debt Analysis as at 31<sup>st</sup> March 2008**

Service	0-30 Days		31-60 Days		61-180 Days		181-365 Days		Over 1 year		Total	
	£	No	£	No	£	No	£	No	£	No	£	No
Office of Chief Executive	0.00	0	0.00	0	0.00	0	5,000.00	1	0.00	0	5,000.00	1
Corporate Support Services	654,764.28	259	42,705.00	1	36,883.33	27	31,218.28	19	70,201.70	60	835,772.59	366
Deputy Chief Executive	2,927.22	9	6,000.00	3	2,036.65	1	0.00	0	0.00	0	10,963.87	13
Environmental & Street Scene	287,549.24	71	17,769.92	46	46,547.55	15	12,462.93	11	67,604.40	44	431,934.04	187
Finance & ICT	1,296.16	1	20,739.18	1	0.00	0	5,684.21	9	9,921.98	30	37,641.53	41
Housing Benefits	96,890.20	29	26,518.89	31	117,546.18	114	104,668.92	92	665,969.02	354	1,011,593.21	620
Housing	18,384.35	65	1,249.44	15	-11,559.20	214	65,125.50	176	111,027.21	1512	184,227.30	1982
Planning & Economic Development	63,181.85	34	4,931.18	7	5,292.98	5	697.32	1	16,762.68	33	90,866.01	80
Works	5,338.23	17	850.35	4	0.00	0	0.00	0	308.40	1	6,496.98	22
<b>Total</b>	<b>1,130,331.53</b>	<b>485</b>	<b>120,763.96</b>	<b>108</b>	<b>196,747.49</b>	<b>376</b>	<b>224,857.16</b>	<b>309</b>	<b>941,795.39</b>	<b>2034</b>	<b>2,614,495.53</b>	<b>3312</b>
<b>Total for 2006/07</b>	<b>844,845.03</b>	<b>377</b>	<b>145,431.82</b>	<b>126</b>	<b>175,122.08</b>	<b>270</b>	<b>232,021.99</b>	<b>467</b>	<b>791,079.80</b>	<b>2029</b>	<b>2,188,500.72</b>	<b>3269</b>