

Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

Date of meeting: 29 January 2007

Portfolio: Finance and Performance Management

Subject: Sundry Income and Debt Policy

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Recommendations/Decisions Required:

To consider and adopt a new corporate policy for Sundry Income & Debt.

Report:

Introduction

1. The adverse comments on collection of debt in last year's Use of Resources assessment highlighted a need for further work in this area. To address these comments Finance and Legal Services undertook a review of procedures for collecting sundry debts. The outcome of this review is a new debt recovery procedure that has been introduced into the Council on 1 November 2006. This procedure was reported to Senior Management Team on 6 October 2006 and the recent improvements in this area were reported in the Members Bulletin on 21 December 2006.

Debt Policy

2. Now that the new recovery procedure is in place, it is necessary for the Council to have a policy to provide the overall context. Therefore, the attached Sundry Income & Debt Policy has been created following reviews of various Debt Policies from other Councils.
3. The policy has been reviewed by Legal Services and Internal Audit and has been amended to take account of their comments. The policy then went to Management Board on 3 January where it was considered and adopted.
4. The policy reiterates the new debt recovery procedure, and also includes a further incentive to Services to ensure that they raise their debts correctly and promptly so that payment is received as quickly as possible. This new incentive arises where debts are not paid within 60 days of the invoice being raised, as at this point either Legal Services for debts over £100 or a debt collection agency for debts below £100 would be involved in collecting the debt.
5. The incentive is that if the invoice were paid within 60 days the Service would retain the credit. However, if the invoice is not paid within 60 days an internal invoice will be raised by the Central Debtor Team (this action will take place at the point the invoice is paid). This will be issued to the Service and will remove 10% of the value of the original invoice to cover recovery costs incurred in collecting the debt. It is proposed that the internal invoice is limited to a maximum figure of £3,000.

Conclusion

6. A considerable amount of work has been undertaken in producing this policy and this now need to be adopted by Members to ensure the Council can demonstrate that it has embraced and embedded improvements in debt collection procedures.