

REPORT

SUBJECT: Sundry Debtors Policy - update

DIRECTORATE: Chief Executives - Finance

MEETING: Cabinet

DATE: 8th June 2016

DIVISION/WARDS AFFECTED: County Wide

1. PURPOSE:

- 1.1 To agree the updated Sundry Debtor Policy, to ensure that the Authority continues to adopt a consistent and transparent approach to the management of its sundry debts.

2. RECOMMENDATIONS:

- 2.1 That Members approve the updated Sundry Debtors Policy attached to this report.

3. KEY ISSUES:

- 3.1 In September 2011 Cabinet approved the Sundry Debtor Policy, subject to review on a five year cycle.
- 3.2 Over this period the policy has been imbedded in the way we work and has been used by our Internal Audit Department as a tool to measure compliance.
- 3.3 A copy of the updated Policies can be found in Appendix 1. Due to the nature of some debts alternative management and recovery arrangements continue to operate. In accordance with the original policy, policies covering these exceptions are included as:

Appendix 1(i) – Debtor Policy for Social Care and Health

Appendix 1(ii) - Debtor Policy for Car Parking Fines

- 3.4 Each of these policies have been reviewed and updated by the respective service lead. Changes have been made to reflect the latest day to day operations, feedback from our customers and Internal Audit Department. Fundamentally however the principles of these policies remain unaltered.
- 3.5 The Council continues to charge and collect income from a diverse range of activities, with Customers ranging from other public bodies, private businesses, to individuals. This income is managed and administered through the Accounts Receivable system on Agresso. The Sundry Debtors Team, which is based within the Revenues, Systems and Exchequer Team, oversee and administer the system; whilst officers from a wide range of Council services are involved in keeping the system up to date.

3.6 The updated Sundry Debtor Policy sets out the way the Council intends to continue to collect monies due. The Policy emphasizes the continued importance of :

- Seeking payment in advance wherever possible, preferably using the Authority's preferred payment method of Direct Debit
- Invoices being raised and sent to customers promptly, within 10 days of the service/facility provision
- Proof of debt being provided when the invoice is raised and referencing or attaching this to the account on the debtor system
- Timely reminder letters and recovery action
- The continued involvement of Service departments in the debt recovery process
- Cancelling the service provided if an account remains unpaid
- Using external collection agents, trace agents, visits and telephone debt chasing to recover any outstanding debts
- Undertaking legal recovery action on debts over £500
- Writing off debts in accordance to the policy, where all forms of recovery have been exhausted and/or it is considered that the debt is no longer economic to pursue

3.7 The level of outstanding debt for Sundry Debtors (excluding Social Care Debtors) is monitored on a monthly basis with the information reported and collated on The Hub.

3.8 **The table below shows the value of outstanding sundry debts and the collection rates at 31st March 2016.**

	Value of invoices raised in year	Balance at 31.03.16	% written off	% outstanding	collection rate
Pre					
2011/12	£143,296,402.19	£84,471.12	0.78%	0.06%	99.16%
2011/12	£22,582,335.06	£21,536.63	0.22%	0.10%	99.68%
2012/13	£20,700,874.88	£45,224.77	0.64%	0.22%	99.14%
2013/14	£20,622,850.25	£83,221.15	0.09%	0.40%	99.51%
2014/15	£32,516,041.71	£169,337.02	0.01%	0.52%	99.47%
*2015/16	£20,353,690.49	£6,621,860.85	0.00%	32.53%	67.47%

* Invoices raised late in the 2015/16 financial year contributed the large balance outstanding at 31st March 2016 and a collection rate of 67.47%. However, payments received by 30th April 2016 saw an improved collection rate of 74.77%. This collection rate will continue to improve as further recovery processes are undertaken.

3.9 The table above confirms that collection rates continue to be around the 99% mark with minimal write offs.

3.10 Another key indicator is the age debt profile. The table below illustrates that 77.61% of this debt is under 1 month old with only 5.51% of the debt being older than 12 months

Age of debt	Value, £	%
Up to 1 month old	5,452,708.60	77.61%
1 to 3 months old	619,589.78	8.82%
3 to 6 months old	290,732.29	4.14%
6 to 12 months old	275,184.92	3.92%
12 months +	387,435.95	5.51%
	7,025,651.54	100.00%

3.11 This confirms that the policy is continuing to consolidate good practice and is helping to ensure that debt is being managed effectively.

3.12 Social Care Debt is reported slightly differently with reports presented to their Departmental Management Team on a quarterly basis. The debt position at the 31st March 2016 is as follows:

	£
2010/11	144.62
2011/12	436.88
2012/13	2,366.93
2013/14	7,642.55
2014/15	39,988.11
2015/16	265,182.53
Customers Paying by Instalment	48,484.73
Awaiting Power of Attorney	55,660.92
Customers Deceased (unsecured)	105,014.40
	<u>524,921.67</u>

This is also showing an improving position, having reduced from £683,503 in 2011/12.

4. REASONS:

To ensure there are proper arrangements in place to cover the administration of sundry debts

5. RESOURCE IMPLICATIONS:

None arising directly from this report

6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

The Future Generations process has been completed and can be found in Appendix 2.

7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS:

There are no safeguarding issues or corporate parenting implications associated with this report.

8. CONSULTEES:

Strategic Leadership Team
Cabinet Members
Head of Legal Services
Head of Finance

9. BACKGROUND PAPERS

None

10. AUTHOR:

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11. CONTACT DETAILS:

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