

AGENDA ITEM

REPORT TO EXECUTIVE SCRUTINY

15 SEPTEMBER 2015

REPORT OF CORPORATE MANAGEMENT TEAM

REVIEW OF DEBTORS WRITE-OFFS

SUMMARY

This report presents Members with baseline information in respect of the reporting in review of Debt Write-offs and builds on the scoping document attached at **Appendix A** which was presented previously to this Committee.

RECOMMENDATION

Members note the detail of the report and agree to receive a further report analysing detail, findings and recommendations around the review.

DETAIL

1. A summary of the baseline information is attached at **Appendix B**. This shows that at 31 August 2015, the Council had outstanding debt of £10.8m, which is made up of 12,491 invoices. Approximately 50% of this debt (£75% of invoices), relates to Adult Social Care and Housing Benefit overpayments.
2. In addition we also have a number of payment arrangements set up to repay outstanding debt. These equate to £6.7m, 5503 invoices, and again the bulk of these relate to care.
3. The appendix also outlines the overall debt by period due and this shows £5.4m is over 1 year old. A significant proportion of this is in relation to debt on payment arrangements.
4. Members will note that there are a relatively small number of debts written off. This is always done as a last resort.
5. The Council has different procedures in place for following up outstanding debt and these are outlined below.

	Standard Days	Trade Refuse Days	Payment Arrangement Days	Residential Care Days
1st Reminder – Invoice Reminder	21	30	31	49
2nd Reminder – Notice of Legal Proceedings	35	44	45	63
Final Reminder	59	59	59	Service decision
Refer to Legal Services	73	73	73	Service decision

Next Steps/Key Areas to Explore

6. The review will examine in detail:

- The level of debt over 365 days old, and arrangements for recovery.
- The areas where high volumes of invoices are raised for relatively small amounts (e.g. catering).
- Opportunities for cash received upfront.
- The effectiveness of the debt follow-up procedures outlined above i.e. the success levels of each stage.
- Any other areas identified by Committee.

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Executive Scrutiny Committee

“Reporting In” Review – Debt Write Offs

Outline Scope

<p>Scrutiny Chair: Councillor David Harrington</p>
<p>Scrutiny Link Officer: Judy Trainer</p>
<p>Departmental Link Officer: Garry Cummings</p>
<p>Which of our strategic corporate objectives does this topic address?</p> <p>Council Plan Objective – Delivering a balanced and sustainable medium term financial plan that delivers value for money</p>
<p>What are the main issues and overall aim of this review?</p> <p>There are a number of areas of our business where processes are in place to allow in year debt write offs.</p> <p>It is suggested that as good practice, criteria/ process and permissions are reviewed in the areas of sundry type/ one off debts, to ensure procedures remain fit for purpose and write off values are monitored and process/debt recovery issues are understood.</p> <p>Areas such as Council Tax and Business Rates would be excluded from the scope as benchmarking shows that our write-offs and long term collection rates compare very well with others.</p>
<p>What are the key lines of enquiry:</p> <p>It is suggested that the scope of this review focuses on sundry type/one-off debts i.e. the process and how much effort goes into recovering these debts before they are submitted for write-off and explore opportunities of where it might be more appropriate to insist on up-front payment before a service is provided or other precautions that could be put in place to reduce write - off levels.</p>
<p>Who will the Committee be trying to influence as part of its work?</p> <p>Cabinet, Council Services</p>
<p>Expected duration of review and key milestones:</p> <p>Scope – 28 July 2015 Baseline – 15 September 2015 Options and Recommendations – 27 October 2015 Cabinet – 12 November 2015</p>

What information do we need?

(Background information, existing reports, legislation, central government documents, etc.):

The review could include understanding the :

- numbers of write offs
- financial value of time spent on recovery
- monetary values,
- different categories of write off,
- benchmarking data,
- good practice
- current practices,
- approval levels etc.

How will this information be gathered? (eg. Financial baselining and analysis, benchmarking, site visits, face-to-face questioning, telephone survey, survey)

Desk Top Analysis, benchmarking

Provide an initial view as to how this review could lead to efficiencies, improvements and/or transformation:

Monetary values of write off sundry / one off debt vary annually but over a period of time could be considered significant. Time spent on debt recovery can also be significant. Monitoring of sundry / one off debt is not something routinely reported and monitored but has been the subject of FOI requests in the past.

Budget cuts, ensuring value for money, efficiency saving programmes ; all provide a context in which reviewing this areas of work could inform a review of procedures and criteria used in determining debt write offs. Could lead to a reduction in financial loss to the council.