

REPORT OF THE STRATEGIC DIRECTOR
TO THE SCRUTINY COMMITTEE
12TH FEBRUARY 2009

Council sundry debt and write-off levels report

1.0 Introduction and Report Summary

- 1.1 The Council provides various goods and services to the residents and businesses within the District and beyond. In return the Council receives payment for these goods and services in the form of sundry debtor income.
- 1.2 In accordance with the Council's financial policies it is the Council's aim to recover all income due to it in an efficient manner. Strong and prompt inward cashflow enables the Council to earn more interest at a corporate level which in turn supports the budget and reduces the level of Council Tax required. It also enables the Council to be seen as an efficient, cost-effective, fair and equitable organisation both in its dealings with its external customers and its internal administration procedures.
- 1.3 Authority for the writing off of irrecoverable debt is in accordance with Part 9 of the Constitution. Where recovery action through the legal process has failed or a debtor is untraceable or has been made bankrupt then the debt should be written off. Promptly writing off debts helps to focus on those debts which are pursuable. It also ensures that the level of debtors is not misrepresented in the financial accounts leading to e.g. confusion about the level of bad debt provision to be made.
- 1.4 The contact officer for this report is Paul Howden, Revenues and benefits Client Manager, telephone (01235 540385).

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2.0 Recommendation

That the Committee reviews the level of debt and write-off and indicates any further specific actions that are required.

3.0 Relationship with the Council's Vision, Strategies and Policies

This report relates to the Council's Vision in that the collection of sundry debt income supports the objective for providing and supporting high quality public services which are effective, efficient and responsive to the needs of people in the Vale.

4.0 Current debt status and actions being taken to maximise collections and minimise write – off levels

- 4.1 The table at **Appendix 1** provides current debt levels against the different service departments as at 5 January 2009 and the value of write-off from 1 April to 5 January 2009. In addition to this there is additional Housing current and former tenant arrears debt totalling £85,000. A total of £650 has been written off in respect of this debt between 1 April 2008 and 5 January 2009.

- 4.2 The Council operates a strict automated billing and recovery process which ensures that debt is progressed through the recovery stages and is not allowed to stagnate. This is supported by monthly meetings between cost centre managers and the council's legal team to decide on the best course of action for debts which have remained uncollected following the issue of reminders and final notices.
- 4.2 Actively managing debt helps to achieve optimum collection rates and minimises write-offs and to this end monthly debt reports are issued to all Heads of Service, Management Team and the Executive Member for Finance. This is helping to focus minds on the importance of maximising revenue collection in relation to sundry debts.
- 4.3 In the last month, the Council has instigated its first bankruptcy proceedings on a debtor that has continued to evade payment. The council needs to enforce these firm but fair measures to safeguard and protect its interests. Along with legal action, which has gleaned £270,000 in the last 12 months, actively managing debt is becoming an ingrained culture of the Council.

STEVE BISHOP
STRATEGIC DIRECTOR