



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance & performance scrutiny 23 November 2020

Wards affected: All wards

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### SUNDRY DEBTS – Q2 2020/2021

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Report of Head of Finance (Section 151 Officer)

#### 1. Purpose of report

- 1.1 To inform members of the position on sundry debts as at 30 September 2020.

#### 2. Recommendation

- 2.1 That the committee note the current aged debt position for sundry debts.
- 2.2 That the committee note that a report will follow at the next meeting on the action being taken on recovery of estates debt.

#### 3. Background to the report

- 3.1 As at 30 September 2020, the overall sundry debt was £3,060,160. The current balance can be broken down by age as follows:

Description	Amount
Credits, Refunds and Payments	-£7,194
Not Yet Due	£327,839
< 30 Days	£1,103,247
30 - 59 Days	£187,775
60 - 89 Days	£161,815
90 - 119 Days	£180,888
> 120 Days	£1,105,790
<b>Total Debt</b>	<b>£3,060,160</b>

- 3.2 The Council has a KPI for debt over 90 days old as a percentage of aged debt, not exceeding 25%. The performance for the end of September 2020 was 15.30%, this is after amendment for items that are known to be covered by agreement, council policy, are in dispute or are to be written off. The total number of invoices over 90 days is 1,695, with an average value of £759.10.

	£	Description
<b>Total debt</b>	3,060,160	
	-175,791	Homelessness
	-86,460	Installment Plans
	-706,673	In dispute
	<b>2,091,235</b>	(A)
<b>Over 90 days</b>	1,286,677	
	-175,791	Homelessness
	-86,460	Installment Plans
	-706,673	In dispute
	<b>320,021</b>	(B)
<b>Performance</b>	15.30%	Over 90 days/Total debt (amended) B/A
<b>Target</b>	25%	

- 3.3 In order to ensure that the Council adopts a prudent approach to accounting for debt that might not be due, a “provision for doubtful debts” is made against the year-end balance. The value of this provision is currently £138,118, but will be reviewed as part of the final accounts closedown procedures. Due to the current level of debt primary arising from Covid 19 it is anticipated that this provision will require an increase. An additional £50,000 has been estimated for in the outturn position. The final figure will be based on the debt profile at year end.
- 3.4 The split of the current debt position over 90 days by type of debt is detailed below. One of the largest element, for Homelessness Bonds has increased by 15.13%. The provision of these bonds is funded by the Council’s Homelessness Prevention Grant which is provided by the DCLG annually. The largest debt is “Leisure”, (£433,679.74). This debt relates to the management fee that is suspended due covid 19. This debt will be written off and has been allowed for in the monthly Outturn Statement that will be presented to this committee. Estates is still a large balance, but approximately 30% have now entered in to a payment plan to clear their debts. All new leases are being granted with a direct debit payment in place, to limit debts problems going forward.
- 3.5 Action is being taken to recover the debts where possible. Whilst efforts are made to recover these amounts through ongoing contact with tenants by housing and revenues and benefits officers, legal action is not generally taken in these cases. This is on the basis that it is unlikely that the debtor will also be able to pay the additional charges levied and also to uphold the “sentiment” of the Council’s Anti-Poverty Strategy.
- 3.6 The table below gives the breakdown of debt over 90 days as at the 30 September 2020.

Sum of Total Outstanding over 90 days 2020/21	Q3	Q4	Q1	Q2	Q1 to Q2 £	%
Building Control	£12,809.24	£11,435.18	£10,685.18	£9,675.04	-£1,010.14	-9.45%
Environmental Health	£4,457.35	£5,732.37	£6,281.37	£17,581.03	£11,299.66	179.89%
Estates	£83,949.64	£79,845.78	£92,086.28	£301,006.06	£208,919.78	226.87%
Green Spaces	£3,549.44	£4,579.51	£5,923.20	£1,288.84	-£4,634.36	-78.24%
Grounds Maintenance	£3,136.63	£3,198.13	£4,062.12	£2,095.69	-£1,966.43	-48.41%
Homeless	£146,976.58	£145,977.68	£152,686.63	£175,791.08	£23,104.45	15.13%
Housing	£61,899.93	£68,964.69	£74,817.60	£50,086.99	-£24,730.61	-33.05%
Markets	£4,920.18	£4,314.83	£4,408.88	£4,853.23	£444.35	10.08%
Other	£12,080.40	£4,533.88	£48,110.14	£132,124.38	£84,014.24	174.63%
Refuse/ Recycling	£56,375.99	£61,992.68	£74,838.04	£68,132.09	-£6,705.95	-8.96%
Other LA	£35,558.90	£7,541.30	£12,777.47	£12,420.99	-£356.48	-2.79%
Licensing	£0.00	£0.00	£200.00	£0.00	-£200.00	-100.00%
Pest Control	£0.00	£0.00	£99.94	£0.00	-£99.94	-100.00%
Planning	£262.99	£0.00	£0.00	£0.00	£0.00	0.00%
Housing Repairs	£10,828.91	£12,559.19	£16,653.23	£50,264.22	£33,610.99	201.83%
Finance	£0.00	£0.00	£0.00	£0.00	£0.00	0.00%
Atkins Building	£17,656.73	£12,026.13	£10,591.07	£8,877.64	-£1,713.43	-16.18%
Waste Services	£72.00	£72.00	£744.00	£16,422.37	£15,678.37	2107.31%
Leisure	£0.00	£0.00	£203,569.40	£433,679.74	£230,110.34	113.04%
Human Resources	£0.00	£0.00	£0.00	£2,222.89	£2,222.89	100.00%
Elections	£0.00	£0.00	£0.00	£0.00	£0.00	0.00%
Total	£454,534.91	£422,773.35	£718,534.55	£1,286,522.28	£567,987.73	134.35%

#### 4. Exemptions in accordance with the Access to Information procedure rules

4.1 Report is taken in an open session.

#### 5. Financial implications [IB]

5.1 Contained within the body of the report.

#### 6. Legal implications [MR]

6.1 The legal implications are contained within the report

#### 7. Corporate Plan implications

7.1 Sundry Debts contributes to delivery of all Corporate Plan objectives.

## **8. Consultation**

8.1 None

## **9. Risk implications**

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) risks		
Risk description	Mitigating actions	Owner
Failure to recover debt owed to the Council	Robust recovery methods and monitoring.	A Wilson

## **10. Knowing your community – equality and rural implications**

10.1 Any future reviews of the Debt Recovery Strategy will be impact assessed to understand any impacts on our community (i.e. ability for those on lower incomes to pay).

## **11. Climate implications**

11.1 Climate implications are considered by services, therefore where applicable will be reflected when individual debts are raised.

## **12. Corporate implications**

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

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Background papers:	Civica Reports
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Executive Member:	Councillor K.Lynch