



**SUNDRY DEBTS UPDATE REPORT**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)**

**1. PURPOSE OF REPORT**

1.1 To inform members of the position on sundry debts and debt recovery procedures as requested at the meeting of this committee in June 2013.

**2. RECOMMENDATION**

- 1.1 That the committee note the current aged debt position for sundry debts
- 1.2 That the committee note the current recovery processes and charges for court action followed by the Council.

**3. BACKGROUND TO THE REPORT**

3.1 Sundry debtors was included within the Internal Audit Block Report presented to Finance Audit and Performance Committee in June 2013, at which members requested further information regarding level of outstanding debt and recovery procedures.

Recovery processes:

- 3.2 The sundry debts function raises invoices to cover a wide range of fees and charges due to the Council. These include industrial rents, premise licences, market stall rents, site inspection fees and recycling bin rental. Many invoices are issued on a periodic basis (annually, quarterly, monthly etc), whilst some are for one-off charges.
- 3.3 Recovery action for overdue debts is also carried out by the debtors section. This involves the issuing of overdue reminders, 2nd reminder letters and County Court action if necessary. Each case is managed and progressed on a case by case basis, considering the nature of the debt, the debtor's ability to repay and likely enforcement costs etc.
- 3.4 With regards to this recovery process, members raised a specific query around the costs of recovery that are charged to the debtor during the court process. When a debt is referred to court, the cost of solicitor's fees, court costs and interest are added to the outstanding debt to be recouped when the debt is paid. Interest is charged on the debt at 8% above base rate for business debt (unless a specific rate is specified in contract.) and 3% above base rate for leases. Charges for court and solicitors fees are raised on a sliding scale as indicated below:

<b>Solicitors costs where:</b>			
	<b>the claim form is served by the court or by any method other than personal service by the claimant</b>	<b>the claim form is served personally by the claimant; and there is only one defendant</b>	<b>there is more than one defendant, for each additional defendant personally served at separate addresses by the claimant</b>
£25-£500	£50	£60	£15

£501-£1,000	£70	£80	£15
£1,001 -£5,000 or for goods where no value is specifically stated	£80	£90	£15
£5,001+	£100	£110	£15

	Court fees when:	
	Sending form to court centre	Using Money Claim Online
Up to £300	35	25
£300.01 - £500	50	35
£501-£1,000	70	60
£1,000.01-£1,500	80	70
£1,500.01-£3,000	95	80
£3,000.01-£5,000	120	100
£5,000.01-£15,000	245	210
£15,000.01-£50,000	395	340
£50,000.01-£100,000	685	595

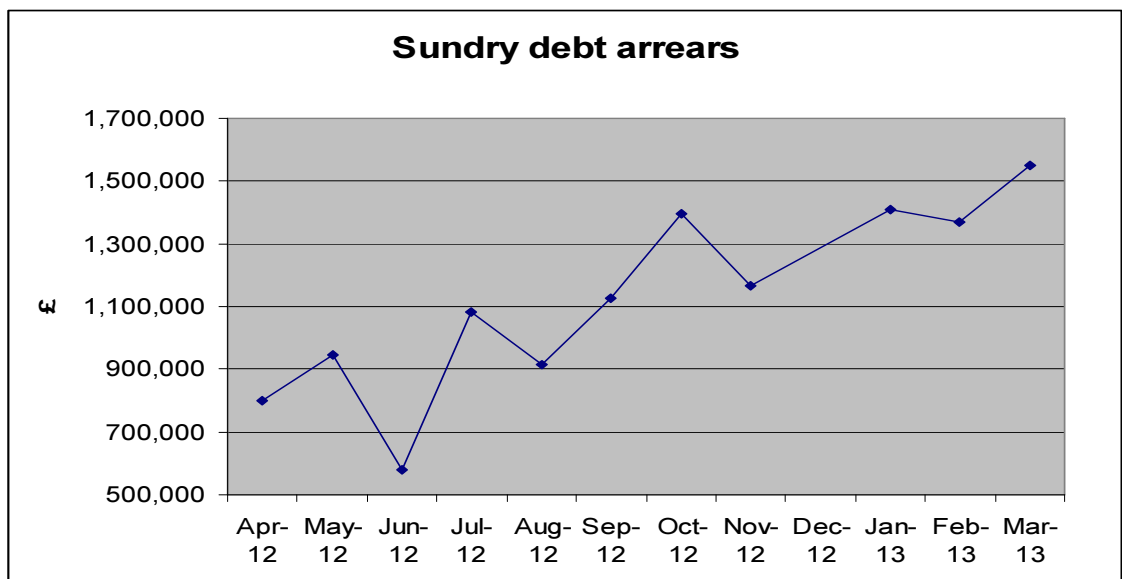
### Aged Debt Position

3.5 During 2012/2013, 8,881 invoices were raised with a total value of £7,693,920.

3.6 As 1<sup>st</sup> April 2013 there were 1,286 invoices outstanding with a value of £1,549,959 (an average balance of £1,205). This balance can be broken down by age as follows:

Credits and refunds	Not Yet Due	< 30 Days	30 - 59 Days	60 - 89 Days	90 - 119 Days	> 120 Days
£	£	£	£	£	£	£
-737.71	155,077.22	794,079.19	80,395.28	155,866.81	15,130.89	349,851.24

3.7 The value of aged debt has been mapped month on month during 2012/2013 for information. Note, this is based on cumulative debt and therefore an increase in the total balance is expected. 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 for 2012/2013 was £77,766



4. **FINANCIAL IMPLICATIONS (KB)**

Raised in the body of the report.

5. **LEGAL IMPLICATIONS (AB)**

Debt recovery action will generally be raised as a small claim in the civil courts. Under the Limitation Act 1980 the Council must bring action to recover an aged debt by within six years of the date payment became due.

6. **CORPORATE PLAN IMPLICATIONS**

Sundry Debts contributes to delivery of all Corporate Plan objectives.

7. **CONSULTATION**

None.

8. **RISK IMPLICATIONS**

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

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.

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.	Julie Kenny

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

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

10. **CORPORATE IMPLICATIONS**

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

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

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Background papers: Civica Reports

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