



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

FINANCE & PERFORMANCE SCRUTINY 25 JULY 2016

WARDS AFFECTED: All Wards

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### SUNDRY DEBTS QUARTER 1 2016/17

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#### Report of Interim Head of Finance

1. PURPOSE OF REPORT

1.1 To inform members of the position on sundry debts as at 30<sup>th</sup> June 2016.

2. RECOMMENDATION

2.1 That the committee note the current aged debt position for sundry debts.

3. BACKGROUND TO THE REPORT

3.1 As at 30<sup>th</sup> June 2016 there were 1,683 sundry debt invoices outstanding with a value of £1,095,420<sup>1</sup> (an average balance of £650.87). This balance can be broken down by age as follows:

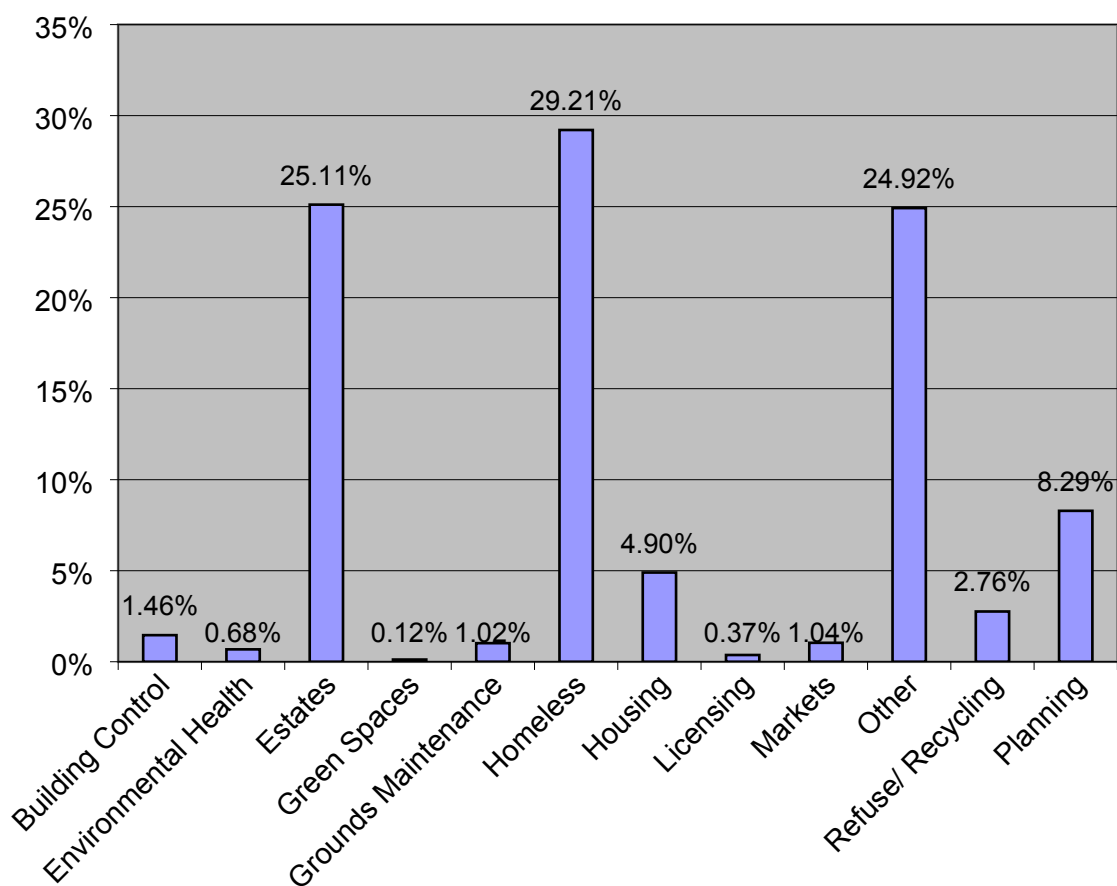
Credits and Refunds	Not Yet Due	< 30 Days	30 - 59 Days	60 - 89 Days	90 - 119 Days	> 120 Days	Total Debt
£	£	£	£	£	£	£	£
-962	26,656	412,556	55,471	109,993	48,418	443,288	1,095,420

3.2 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 2015/16 was £342,297

3.3 The split of the current debt position over 120 days by type of debt is detailed below. Elements above ten per cent are detailed below.

<sup>1</sup> Note, this balance does not include an invoice raised for the CPO amounts due from Tin Hat Partnership as these will be paid through the Council’s solicitors and offset by a corresponding payment

## Debtors Arrears by Sector



### **Estates 25.11%**

The gross debt is £111,302. There are 6 debts that total £39,259. All debts are still being chased. However there is a likelihood that around £6,500 may be written off these debts together with other minor debts are being chased.

### **Homelessness 29.21%**

The gross debt is £129,494. The provision of these bonds is funded by the Council's Homelessness Prevention Grant which is provided by the DCLG annually. 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.

### **Other 24.92%**

The gross debt figure is £110,459. This includes £79,330 of debts for VAT which has already been allowed for as debts that may not be recovered. The amount set aside to pay for these debts is £118,000. Additionally there is an invoice with the County which is due to be paid in the next 2 weeks.

3.4 The level of debt over 120 days compared against the overall debt is 26.7 per cent. This is slightly higher than the annual target of 25 per cent. Officers are currently working together to ensure the level of debt is reduced.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

4.1 Report to be taken in open session.

5. FINANCIAL IMPLICATIONS [IB]

5.1 Any variations to budgets resulting from borrowing investing activities are reported within the Outturn position.

6. LEGAL IMPLICATIONS [MR]

6.1 There are no legal implications arising directly from this report.

7. CORPORATE PLAN IMPLICATIONS

7.1 This report supports the following Corporate Aims

- Thriving Economy

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 None

11. CORPORATE IMPLICATIONS

11.1 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  
Capita Reports

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