

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Interim s151 Chief Finance Officer – Suzanne Jones

To: Governance and Audit Committee - 15 September 2016

Author: Ken Trotter – Interim Chief Accountant (Deputy S151 Officer)

Subject: Debt Management

Purpose: To inform the Governance and Audit Committee of recent developments in debt management, including a collectability review and potential invest to save targets.

Recommendation:

That the Governance and Audit Committee notes the report.

1.0 BACKGROUND

1.1 2015-16 Financial Statements

1.1.1 All debt within the Council is being examined, and improved collection methods introduced wherever possible.

1.1.2 Levels of debt outstanding at 31 March in 2015 and 2016 were as analysed in *Note 16 – Debtors* in the 2015/16 annual statement of accounts.

Debtor	31 March	31 March	Change	
	2015	2016	£ 000	%
	£ 000	£ 000	£ 000	%
Central Government	574	1,046	472	82%
Local Authorities	109	212	103	94%
Other entities & individuals	2,996	3,322	326	11%
Gross Debt	3,679	4,580	901	24%
Provision for doubtful debt	(1,331)	(1,573)	(242)	18%
Estimated Collectible Debt	2,348	3,007	659	28%

1.1.3 There are no major concerns on central government or local authority debt and these areas are not considered further in this report.

2.0 OPTIONS

2.1 To note the report.

3.0 REASONS FOR RECOMMENDATION

3.1 To continue with corporate governance best practice and increase members

knowledge of financial matters affecting the Council.

4.0 EXPECTED BENEFITS

4.1 Strengthened governance arrangements.

5.0 IMPLICATIONS

5.1 Financial

5.1.1 All debt is being examined as part of a collectability project which aims to improve policies and procedures in debt management with the objective of improving collection rates for all major debt.

5.1.2 Provision for doubtful debt increase in 2016/17 was £51k lower than the budget of £293k. This reflected the lower charge on housing rents as effects of Welfare Reform are built into the budget. This is primarily associated with the introduction of Universal Credit which may be launched in the district in 2017.

5.1.3 Debt levels by major customer groups is as follows

Debtor	31 March 2015	31 March 2016	Change	
	£ 000	£ 000	£ 000	%
Business Rates	294	320	26	9%
Council Tax	222	236	14	6%
HRA Rent	527	546	19	4%
Short Term Debtors - Costs	175	192	17	10%
Sundry debtors	364	375	11	3%
HB Overpayments	1208	1392	184	15%
Other Technical debt	205	261	56	27%
Total	2995	3322	327	11%

5.1.4 All Revenues and Benefits areas have been analysed by customer and “Top 40” analyses are being compiled for specific attention. Linked accounts are not currently in the debtor systems and these are being constructed as part of the exercise.

5.1.5 Business rates for example have 126 individual accounts within the top 40 debtors. Outstanding accounts are approx. 80% + of all debt in this area.

5.1.6 A comprehensive analysis will be made available to the next meeting of the Committee.

5.1.7 Target savings on the Provision for doubtful debts is 25% = £75k which will be included in the Budget options report for 2017/18

5.2 Risk Management

5.2.1 The risk management arrangements for debt are reflected in the impairment policy for bad debts.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 HRA – House Revenue Account
HB – Housing Benefits

Background papers: None

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Director / Officer who will be attending the Meeting

Name and Post: Ken Trotter – Interim Chief Accountant

Key Decision: No

Exempt Decision: No

Appendices attached to this report: None