



Committee and date

Audit Committee

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Item No

**12**

Public

## SALES LEDGER PERFORMANCE MONITORING REPORT

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### Summary

The Council collects over £70 million of income each year in respect of invoices raised through its Sales Ledger system. This report provides Members with performance monitoring information on the collection of this income for the year ending 31 October 2009. During the last year 96% of debt was collected within 90 days in line with the Council's target.

### Recommendations

Members are asked to note the report.

## REPORT

### Background

1. The Council charges service users and other organisations for a wide range of services. The Council raises over 43,000 invoices per year with a value of over £70 million. It is important that this income is collected promptly so as to maximise the amount of interest earned on the Council's revenue balances.
2. The standard payment terms of the Council require the payment of invoices within 20 days.
3. Invoices range in value from tens of pounds for room hire to several hundred thousand pounds for joint working with the Primary Care Trust (PCT).
4. The service is now also responsible for recovering amounts outstanding on invoices raised by the five former district councils. After the exclusion of Housing Benefit items, which are now recovered separately by the

Benefits Service, these had a total value of £1.7 million at 31 March 2009.

5. This report summarises performance against the income collection targets. Full performance monitoring information is shown in Appendix A.

Directorate	Examples of Invoices
Children & Young People's Services	Out of County placements Course fees Youth Service charges
Economy and Environment	Cross border public transport Damage to street furniture Road safety courses Building Control fees Pest Control fees
Community Services	Domiciliary and residential care Joint working with PCT and other agencies Adult Education Fees Cultural & leisure facilities
Resources / Shire Services	Smallholdings rent Provision of payroll services Catering provision to Worcester schools External cleaning contracts
Chief Executives / Legal & Democratic	Occupational health courses Printing and Design Charges

### Sales Ledger Income Collection Performance

6. In the year ending 31 October 2009 the Council had collected 96% of its outstanding debt by value within 90 days. This is in line with the Council's target, which is to collect 96% of debt within this timescale.
7. At the end of October the Council had outstanding debt of £14.5 million. £7.2 million of the outstanding debt related to invoices raised within the previous 30 days. A breakdown of the debt outstanding by Directorate and the length of time outstanding are shown in Appendix A.
8. In addition to the above £14.5 million, a further £1.7m was transferred from the former District and Borough Council's on the 31<sup>st</sup> March 2009, of which £0.9 million remains outstanding.
9. Community Services raise the largest number of invoices. Over the last year invoices totalling £46.6 million were raised by Community Services. At the end of October £10.1 million was outstanding with over £4.2 million of the debt having been raised in the last 30 days.

Community Services regularly raise large invoices to the PCT and at the end of October £5.8 million of the outstanding debt related to the PCT. Over £2.5 million of the outstanding PCT invoices had been raised in the previous 30 days.

Community Services debt is sometimes secured on property and therefore can take longer to collect. At the end of October £2.1 million of

the Community Services outstanding debt was over six months old. £0.7 million of this was secured on property.

10. For invoices not paid within 20 days the automatic recovery process commences with the generation of a first reminder. A further reminder is generated 10 days after the date of the first if payment has not been received. Outstanding invoices are referred to Legal Services if they have not been paid 14 days after the second reminder.
11. During the last year the level of debt written off as uncollectable represented 0.11% of debt raised. This is better than the 0.4% target. The Income Section remains committed to pursuing debt in accordance with the Debt Collection Policy during the forthcoming year.
12. The value of invoices awaiting a credit note was 1.11% at the end of October. This might occur, for example, where an invoice has been issued incorrectly. Over the last year the value of invoices awaiting a credit note is better than target.
13. During the last year the number of invoices raised that require subsequent correction was 1.71%, lower than the targeted 3.5%. It is important invoices are raised correctly to reduce the additional administration involved in making corrections.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

N/A

**Human Rights Act Appraisal**

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

**Environmental Appraisal**

The targets seek to increase the number of income collections transacted electronically.

**Risk Management Appraisal**

Effective monitoring of outstanding debt will enable early action to be taken to minimise the risk of financial loss to the Council.

**Community / Consultations Appraisal**

N/A

**Cabinet Member**

Keith Barrow, Leader of the Council (Brian Williams, Chairman of Audit Committee)

**Local Member**

N/A

**Appendices**

A. - Income Collection Performance Monitoring Report to 31 October 2009.

B. - Former District Council Outstanding Sundry Debt at 31 October 2009.