

UPDATE ON CURRENT AND AGED DEBTORS

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1. Summary

- 1.1. Members asked for an update in respect of the levels of aged debt held within the Council's accounts and the action taken for recovery of the debts. Progress has been made over the course of the last two months however whilst recovery action has commenced, the level of balances held have not decreased significantly over this period. Further options are being considered to support the team on the recovery of aged debt.

2. Recommendations

- 2.1. The Audit Committee are asked to consider and endorse, with appropriate comment, the continued progress made by the sales ledger team to reduce the levels of aged debt held.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Failure to take the necessary corrective action in relation to aged debt may result in the Council having to write off significant balances which are not covered by existing bad debt provisions.

4. Background

- 4.1. It was identified during the course of 2012/13 that the levels of Sales Ledger debt were high and resources within the sales ledger team were focussed on maintaining and processing of current debt rather than recovery of the old debt.

4.2. In response to this issue it was agreed to fund 3 temporary members of staff to help to target the aged debt and reduce the levels of debt held.

5. Aged Debt Profile

5.1. At the date of the last Audit Committee in June 2013, the aged debt value for debts over 3 months old was £7.913m. Since this date the following action has been taken on Aged Debt:

- Issues have been experienced in recruiting and retaining staff within the Sales Ledger Team, however the team is now fully staffed and includes 3 additional temporary staff to support this activity.
- Lead officers have been appointed to each ledger and each provided with a listing of aged debt to work to, with the focus being to tackle the highest value debts first.
- Total recovery of £1.7m over the last 2 months on the aged debt recognised in June, however this has been partially offset by new aged debt of £1.1m for the two further months since June.

5.2. The current profile of aged debt is as follows:

Age of debt	Value £'000
3 months	434
4 months	414
5 months	953
6 -12 months	1,795
12-24 months	1,545
Over 24 months	1,913
TOTAL	7,054

5.3. A detailed schedule by individual ledger is provided at Appendix A, however there are some key facts detailed below in relation to the outstanding debt:

- There are 104 accounts with an outstanding debt of £10,000 or over. These total £2,805,515, representing 40% of the total aged debt.
- The recovery of outstanding debts for social care of £1,437,600 is linked directly to the settlement of estates or sale of property.
- The highest individual debt outstanding is £289,156.
- There are 2,410 accounts that have an outstanding balance of £100 or less. These total £97,036 and are deemed as uneconomical to chase.

6. Future Action

6.1 The Sales Ledger team is now taking positive action to address the levels of outstanding debt on the Council's accounts, however it should be recognised that recovery of debt can be a long process and so may not always produce immediate results if legal action is required.

6.2 It has also been identified that the Council's current contract for bailiff services provides for the recovery of sundry debtors and the use of this

service is being considered in consultation with the Portfolio Holder for Resources, Finance, and Support. This service is being considered both for the recovery of the aged debt and to include this as part of the ongoing debt recovery processes at the Council for future debt.

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

Cabinet Member (Portfolio Holder) Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

Local Member n/a

Appendices

A – Aged debt profile by Ledger

Appendix A

Aged debt profile by Ledger

Ledger	Age of Debt						Total
	3 months	4 months	5 months	6 - 12 months	12-24 months	Over 24 months	
01 Shropshire Waste Partnership	5,647	30,845		-1,833	-56	-154	34,449
31 Licensing				462	3,760	2,668	6,890
32 Planning	-216	3,384	12,617	13,520	26,162	14,423	69,889
40 Culture & Leisure	-1	13,313	3,192	45,141	904	5,705	68,254
41 Housing	15	8,697	26,261	18,383	43,226	90,662	187,244
60 Shrewsbury & Atcham BC						54,940	54,940
61 Bridgnorth DC	-403	-312	-312			76,356	75,329
62 North Shropshire DC						67,087	67,087
63 Oswestry BC						72,090	72,090
64 South Shropshire DC						22,606	22,606
C1 Shire Services Catering	-740	52,676	3,474	28,291	7,259	-2,786	88,175
C2 Shire Services Cleaning	100		121	44	221	1,774	2,260
E1 Children & Young Peoples	10,675	6,989	33,089	122,946	-15,125	-23,105	135,470
H1 Development Services	28,167	84,350	313,906	176,876	164,866	144,739	912,903
J1 Schools			96	418	722	-6	1,230
S1 Social Care	250,374	129,477	307,741	1,033,174	865,780	1,130,233	3,716,779
S3 Social Care - Property	58,421	44,614	40,888	284,706	330,096	122,265	880,990
T1 County Training	165	70	60	13,607	2,485	65,950	82,337
X1 Resources	40,901	38,373	206,458	52,157	105,761	45,477	489,126
X2 Property	40,289	1,827	2,240	6,527	8,608	25,751	85,243
X3 Legal & Democratic						616	616
X4 Chief Executives	183	30	2,909	1,183	318	-4,652	-29
TOTAL	433,577	414,333	952,741	1,795,599	1,544,987	1,912,639	7,053,876