

Debtor Management

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Cabinet Member: Cllr David Hall, Cabinet Member for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. This report reviews the recovery of outstanding debts (monies owed to SCC) as at the end of October 2017, including a comparison with the previous report to Audit Committee and the equivalent values as at the end of October 2016.
- 1.2. The achievement of good performance in this area is linked to the County Plan in relation to “bring in more funding and resources”.

2. Issues for consideration

- 2.1. Members are asked to comment on the position in relation to outstanding debt figures.

3. Background

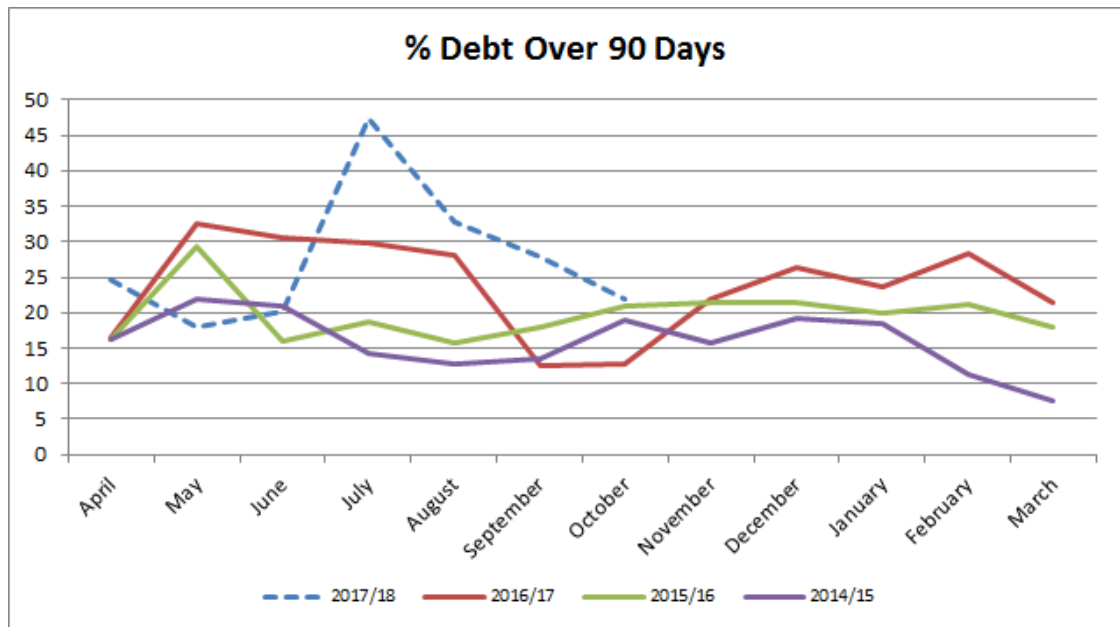
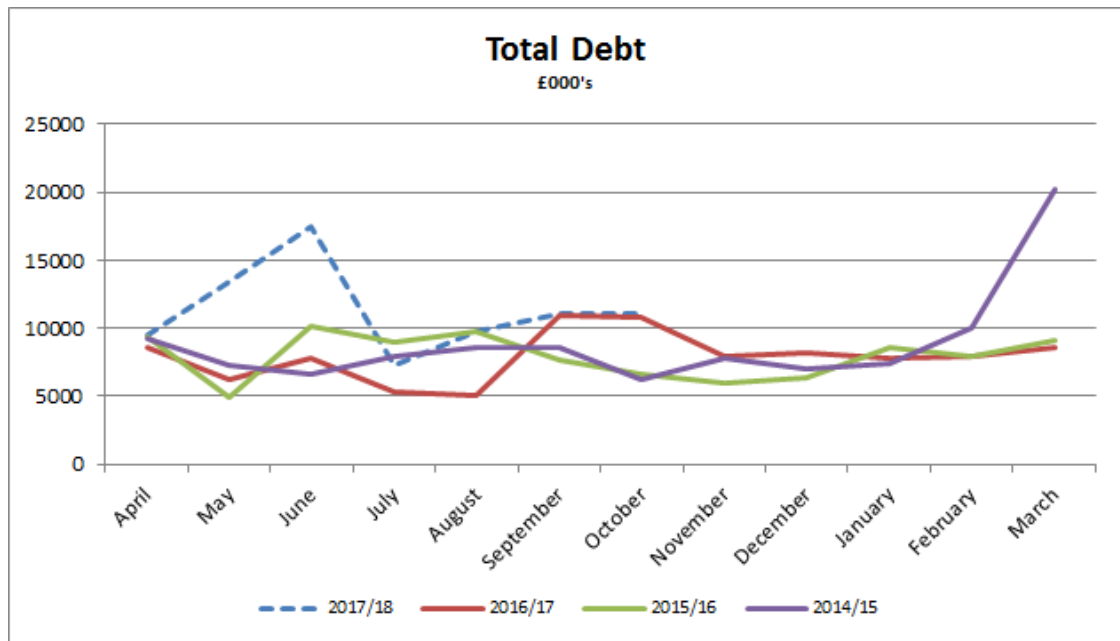
3.1. **Headline figures as at 31st October 2017**

Services’ total net outstanding debt reported on the Accounts Receivable system stood at **£11.083m** as at 31st October 2017. This compares with a figure of £10.825m as at 31st October 2016, and £13.366m as at 31st May 2017, which were the last figures reported to Audit Committee in June 2017. As the graph below shows, the total debt has spiked since last reported to the Audit Committee, but is now back much closer to the previous financial year. A breakdown by service areas is included in Appendix A.

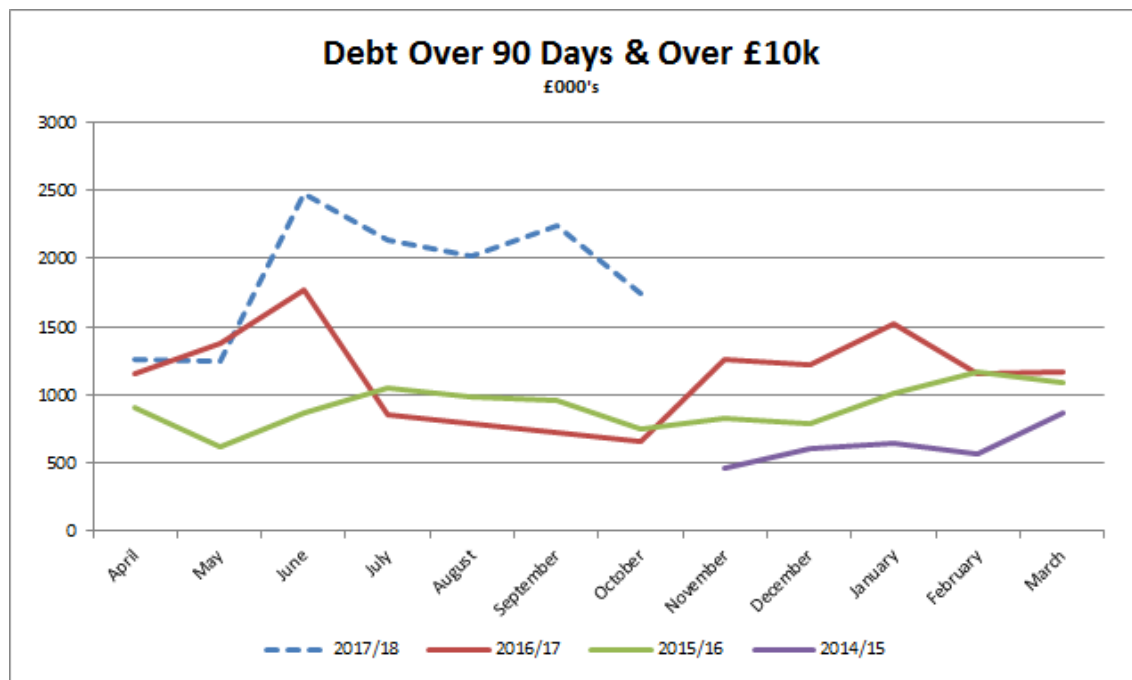
The percentage of debts over 90 days as at 31st October 2017 was **22.02%**, which is a worsening position when compared with 12.67% as at 31st October 2016, and also slightly worse than the 17.93% reported as at 31st May 2017. However, the trend since the summer has been arrested.

A total of **£2.441m** of our net debt as at 31st October 2017 is over 90 days old.

The graphs below show the headline figures as at 31st October 2017, as plotted against previous years' total debt and percentage of debt over 90 days old.



Further analysis of the debts over 90 days clearly shows the increase in the last few months is due to the value of larger debts (over £10,000).



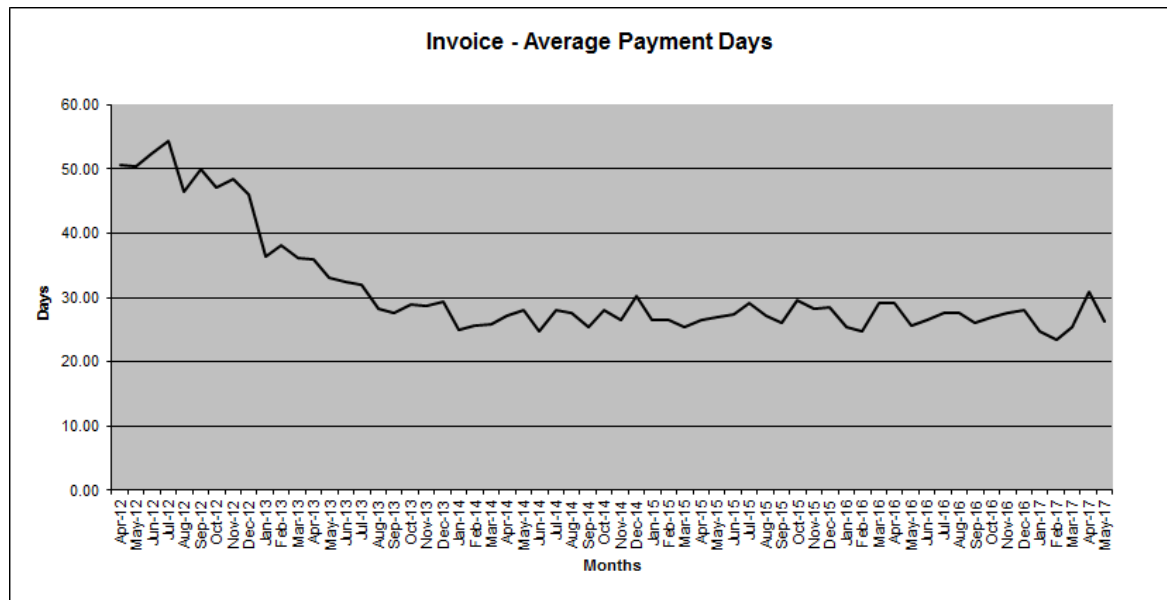
The types of debtor associated with these debts over 90 days old and over £10,000 has not changed significantly over the summer months:-

Debtor Type	End June	End July	End Aug	End Sept	End Oct
NHS	£1,038,821.14	£1,078,180.35	£1,150,398.02	£1,368,819.27	£1,211,663.86
Individuals	£228,982.71	£344,630.52	£250,726.64	£236,318.23	£187,469.88
Developers	£618,435.31	£184,563.08	£184,563.08	£184,563.08	£11,732.39
Utilities	£176,859.19	£199,230.73	£176,859.19	£171,497.09	£49,750.00
Insurance	£87,273.35	£110,691.01	£87,273.35	£97,403.94	£97,403.94
Care Homes	£36,398.68	£36,398.68	£36,398.68	£36,398.68	£36,398.68
Social Enterprises	£62,028.19	£62,028.19	£62,028.19	£62,028.19	£62,028.19
OLA's	£167,114.88	£49,708.76	£12,000.00	£32,000.00	£32,000.00
Schools & Colleges	£35,208.56	£56,515.51	£50,915.51	£50,915.51	£50,915.51
Other	£20,290.93	£15,507.76	£0.00	£0.00	£0.00
Total	£2,471,412.94	£2,137,454.59	£2,011,162.66	£2,239,943.99	£1,739,362.45

Clearly, whilst there has been some success in managing debt overall throughout the year, and our total debt is again comparable with the previous year, we have not been as successful in reducing debts over 90 days old by the same amount.

3.2. Time to Pay information

The graph below shows the average time for debts to be paid. There is a necessary time lag in terms of capturing the time to pay, and therefore this is run retrospectively, to avoid understating the average. For May 2017, this was 26.29 days, which is broadly consistent with previous months. Only once since December 2014 has the average has been above 30 days (April 2017 30.98 days).



3.3. Significant older debts outstanding

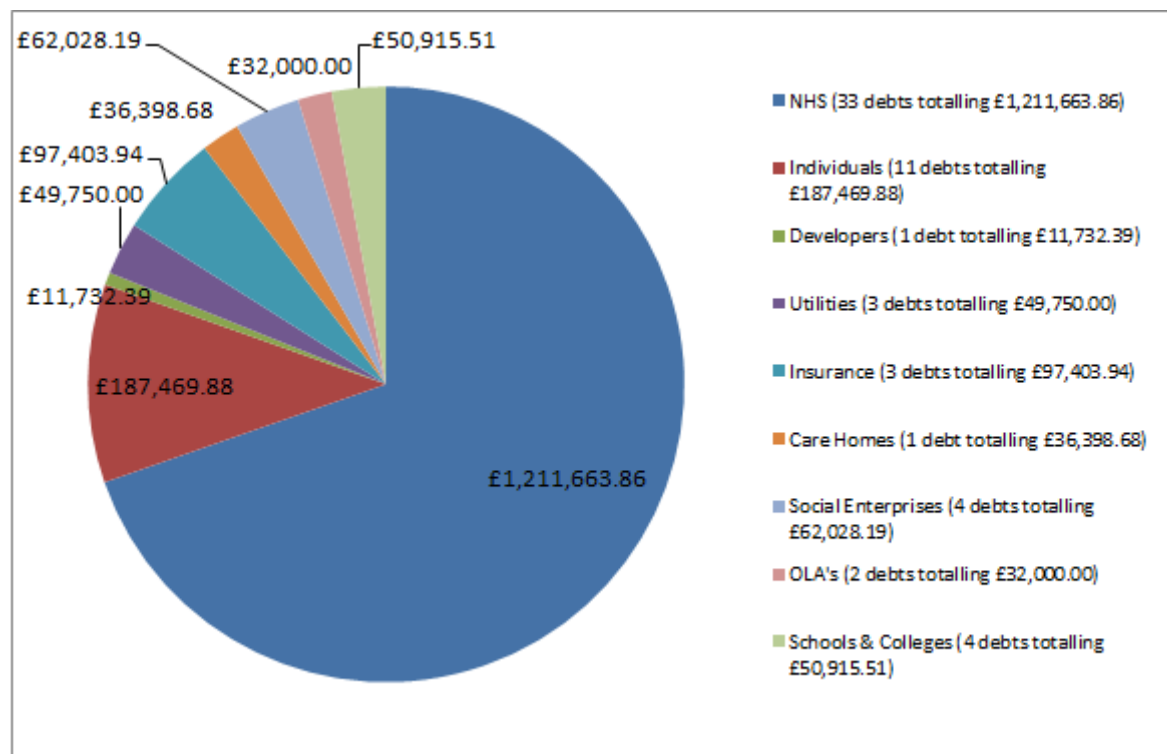
As at 31st. October 2017, there were a total of 62 individual debts that were both over 90 days old and over £10,000. (Totals were 72 at the end of September, 63 at the end of August, 94 at the end of July and 68 at the end of June).

As in the table above, the value of these 62 debts is £1,739,362.45. The total value of all debts over 90 days old is £2.441m, so these 62 individual debts represent 71.26% of all such older debts owed to the County Council. This is a higher percentage than the June 2017 report, where larger individual debts only accounted for 51.9% of the total debts over 90 days old.

The pie chart below shows the composition of these particular debts.

Any individual debts that have been paid off since the end of October will be verbally reported to the meeting.

3.4. Significant older debts outstanding (illustration)



4. Consultations undertaken

- 4.1. Debt management is considered monthly at the Finance Management Team meetings, chaired by the Director of Finance, and is on the Finance scorecard. Debt is also regularly reported to Cabinet.

5. Implications

- 5.1. If debt is not collected promptly it greatly increases the risk that it may need to be written off which has an impact on the revenue budgets of services.

6. Background papers

- 6.1. Previous reports to Audit Committee.

Note For sight of individual background papers please contact the report author