

Report of	Meeting	Date
Director (Customer and Digital)	Governance Committee	Wednesday, 27 November 2024

Sundry Debts Update

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the report

- To provide an update on aged debts owed to the council, including improvements which have been implemented to efficiently manage sundry debts.

Recommendations

- That the report is noted.

Reasons for recommendations

- Not applicable.

Other options considered and rejected

- None.

Corporate priorities

- The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

- An internal audit review of sundry debts was completed in August 2023, when a limited assurance rating was awarded.
- The review identified key findings and risks which included:
 - awareness of the Fair Collection Charter was low
 - training was needed on the collection of sundry debtor income
 - reduced level of proactive engagement with customers to recover unpaid sums

- d. poor communication, resulted in cases not progressing to the next recovery stage
- e. notes and correspondence being stored outside of the financial system
- f. regular aged debtor reports not being issued to the service area

8. This report sets out improvements which have been implemented and shows their impact on the level of aged debt owed to the council.

New recovery routes

9. The audit review recommended that recovery procedures should be strengthened to ensure that debt recovery responsibilities of the Revenues team and service areas are clearly defined.

10. The following recovery routes have been implemented to streamline the process, with training provided to services on the new procedures:

Recovery route	Who	Description	Days before next action
Invoice printed	Automated	Invoice printed	14 days
First Reminder	Automated	First Reminder emailed to debtor giving 10 days to pay	10 days
Proactive phone call	Services	Service attempts proactive phone call to debtor to secure payment	10 days
Final Reminder	Automated	Final Reminder emailed to debtor giving 10 days to pay	10 days
Service specific letter	Content provided by service; letter generated by automation	Service specific letter emailed to debtor giving deadline to pay, setting out withdrawal of service or penalty to be imposed	10 days
Service Decision Due	Service	Waiting for decision from service on next appropriate action	10 days
Referred to Debt Collector	Revenues	Debt referred to Debt Collection Agency	
Write Off	Revenues	Service emails reason why debt to be written off, Revenues gain approval to write off the debt	
Legal Action	Legal/Services	Debt referred to Legal to progress case for appropriate formal action	

Other improvements

11. The following developments have also been implemented to improve operational arrangements:
- a. Mandatory training on the Fair Collection Charter has been completed by all employees with responsibility for aged debts. This training is also available to all staff on the intranet.
 - b. Service level agreements set out:
 - o recovery process and who is responsible for undertaking each task
 - o how records should be stored to maintain a full audit trail
 - o appropriate timescales required for recovery
 - o process when recovery action by the service area has failed
 - c. Workshops delivered to Directorate Management Teams comprising of:
 - o improvements managing aged debts
 - o roles and responsibilities
 - o how to use the Debtors system
 - o recovery stages
 - o Fair Collection Charter
 - o recovery strategies
 - d. Heads of Service and Directors receive weekly aged debt reports for their departments/sections.
 - e. Format of weekly reports has been improved so debts can be filtered or sorted
 - f. Quarterly standing item on SMT agenda to discuss aged debt position
 - g. Quarterly meetings take place between Heads of Service and Directors with the Revenues team to discuss priority debts and next actions
 - h. Adoption of Payment Strategy which pushes payment up front before services are delivered

Aged debt current position

12. The overall aged debt position by recovery stage (post final reminder) at the end of October 2024 is shown below:

Recovery route	Outstanding amount
Service Decision Due	£1,276,282
Service Decision Overdue	£178,240
Referred to Debt Collector	£15,780
Legal Action	£639,149
*Total	£2,109,451

* Excludes debts owed by Chorley Leisure, Lancashire County Council, South Ribble Borough Council and South Ribble Leisure.

13. The implementation of new recovery stages has provided more certainty for services of when proactive engagement with customers is required to secure recovery of unpaid invoices.
14. One of the new recovery routes, Service Decision Due, replaced Reviewed by Exchequer Services, which was an ambiguous recovery stage with value of £2,187,331 outstanding in August 2023. This new recovery stage has assisted services in prioritising specific aged debts to focus on recovering.

15. At the end of October 2024, £282,009 of aged debt which required a service decision on the next recovery action was overdue. This is significantly less than when the previous recovery routes were active.

Climate change and air quality

16. The work noted in this report does not impact the council's carbon emissions and the wider climate emergency and sustainability targets of the council.

Equality and diversity

17. There are no equality implications or considerations of this report.

Risk

18. The report is only for noting and there are therefore no risk implications.

Comments of the Statutory Finance Officer

19. The work undertaken on reinforcing and clarification of debt processes should see improvements made to collection. In the initial period it is likely to lead to more potential write offs of debt as some debt that would have been written off has remained in the listings. Overall aged debt can fluctuate depending on the size of specific invoices or the stage of lease negotiations. What is key is to address issues early when they are most likely to be resolved. These changes should help bring this about.

Comments of the Monitoring Officer

20. The report is for information and clearly sets out the processes in place to escalate debt recovery. These processes are in line with the Fair Collection Charter adopted by the council.

Background documents

[Internal Audit Report - Sundry Debtors - Aged Debts \(August 2023\)](#).

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