

AGENDA MANAGEMENT SHEET

Name of Committee Resources, Performance And Development Overview And Scrutiny Committee

Date of Committee 24th April 2007

Report Title Debt Recovery - Update

Summary The Committee is invited to note the report and comment upon the progress on debt recovery.

For further information please contact: Rob Phillips
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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllr Booth, Cllr Hicks, Cllr Atkinson – for clearance
- Cabinet Member Cllr Cockburn – for information
- Chief Executive
- Legal Sarah Duxbury – for clearance
- Finance David Clarke – reporting officer
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION Yes

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Executive Summary

Background

Members requested a 6 monthly update on debt recovery. This report provides a snapshot as at 30th March 2007. The report briefly examines the Council's performance on over 42 days old debt and will update members on the outstanding over £30,000 debts reported in September.

Over 42 days debt

The value of over 42 days old debt as a percentage of the total value of invoices raised in the last 12 months is 4.40%. This compares with a target of 4%.

Debts over £30,000

An updated list of debts over £30,000 is presented in the report. The total of these debts as at 30th March 2007 is £1.3 million.

Total Outstanding Debts

The total value of outstanding debts (including the over 42 days debt) at the end of March 2007 is approximately £10m.

Resources, Performance and Development Overview and Scrutiny Committee - 24th April 2007

Debt Recovery - Update

Report of the Strategic Director, Resources

Recommendation

Members are asked to note the report and comment on the progress on debt recovery being reported.

1 Background

- 1.1 At the Resources, Performance and Development Overview and Scrutiny Committee meeting on 19 September 2006, members requested a 6 monthly update on debt recovery. This report provides a snapshot as at 30th March 2007. The report briefly examines the Council's performance on over 42 days old debt and will update members on the outstanding over £30,000 debts reported in September. The usual full annual report on debt recovery for the year ending March 2007 will be presented to the next meeting of this Committee.

2 Over 42 Days Debt

- 2.1 The County Council's standard payment terms are 21 days. The Audit Commission recommends referral of unpaid invoices for legal action after 42 days. Our experience has been that the first legal letter, sent out by Legal Services shortly after receipt of a referral from a Directorate is effective in recovery of debt. Based on this experience the following provision is included in our Statement of Recognised Practice (part of the Best Practice Guide):

Strategic Directors are required to:

'Refer all debts not paid within 42 days for legal action. If a debt is not referred for legal action at 42 days, Strategic Directors must be able to justify the reason for not doing so.'

- 2.2 The value of over 42 days old debt as a percentage of the total value of invoices raised in the last 12 months is 4.40%. This compares with a target of 4%. The 4.4% equates to approximately £2.8 million of which approximately

£750,000 relates to large PCT debts. However, it should be noted that due to officers efforts a significant amount of money was received from the PCTs before the end of the financial year and it is hoped that further money will be received in the new financial year.

3 Debts over £30,000

3.1 Members will recall the report in September 2006 gave a list of the over 42 days debt greater than £30,000. An update of this list is given below. The debts previously reported to members in September are highlighted in bold.

(1)	(2)	(3)	(4)	(5)	(6)
Dir.	Invoice No	Debtor Name	Value of Invoice (£)	Amount Outstanding (£)	Invoice Date
SS	00117797	South Warwickshire PCT	49,839	49,839	14/04/05
SS	00117798	South Warwickshire PCT	39,581	39,581	14/04/05
PT	00137881	Warwick District Council	87,971	69,864	11/04/06
EDSC	00141294	Isle of Wight Council	30,766	30,766	19/06/06
SS	00145983	Rugby Primary Care Trust	46,687	46,687	25/09/06
SS	00145986	North Warwickshire	178,030	178,030	25/09/06
SS	00146464	People in Action	41,948	35,477	03/10/06
SS	00147614	North Warwickshire	54,537	54,537	24/10/06
SS	00147733	South Warwickshire	73,830	73,830	25/10/06
SS	00147734	North Warwickshire	55,685	55,685	25/10/06
EDSC	00148748	WCC Kenilworth School	259,612	259,612	08/11/06
SS	00149306	Warwickshire Primary Care Trust	61,072	61,072	20/11/06
SS	00150752	Warwickshire Primary Care Trust	63,776	63,776	12/12/06
EDSC	00151127	Warwickshire PCT	40,000	40,000	20/11/06
EDSC	00151484	WCC Etone Community School	130,324	130,324	04/01/07
EDSC	00151987	Hilltop Developments (UK) Ltd	73,846	73,846	10/01/07
SS	00152795	Warwickshire Primary Care Trust	69,200	69,200	22/01/07
		Total		1,332,126	

4 Total Outstanding Debts

4.1 The total value of outstanding debts (including the over 42 days debt) at the end of March 2007 is approximately £10m. Obviously this includes a large number of invoices that have been recently raised and should not be regarded as problem debts.

DAVID CLARKE
Strategic Director, Resources

Shire Hall
Warwick

24 April 2007