



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 21 OCTOBER 2021
Report Number	AGENDA ITEM 12
Subject	AGED DEBTOR ANALYSIS
Wards affected	N/A
Accountable member	Cllr Mike Every, Cabinet Member for Finance Email: mike.every@cotswold.gov.uk
Accountable officer	Jenny Poole, Chief Finance Officer Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	To receive and consider the Council's Aged Debt Analysis
Annexes	Annex A – Sundry Debtor Aged Debt Profile (5 Years) Annex B – Sundry Debtor Aged Debt Profile by Service (8 October 2021)
Recommendation(s)	<i>The Audit Committee are asked to consider the levels of aged debt held.</i>
Corporate priorities	The Council's recovery of debtors underpins all of the Council Priorities and is relevant to the Council principle of "Value for money – we will use the council's resources wisely, but will invest in the fabric and future of the district".
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A



1. BACKGROUND

- 1.1 At the July Audit Committee meeting Members asked for an update in respect of the levels of aged debt held within the Council's accounts.
- 1.2 As we enter the recovery stage of the Covid-19 pandemic Officers have been working to recover outstanding debts that during the pandemic they were in many instances not pursued to ensure that businesses and people were not disadvantaged during the period of lockdown when business were closed and at a time when many individuals were furloughed.
- 1.3 At 31 March 2021, the value of outstanding sundry debtors totalled £2.245m. This included debt requiring action (i.e. debtors older than 30 days) of £1.059m. Over the course of the last six months this level has reduced. At 8 October 2021, the value of outstanding sundry debtors totalled £1.950m with aged debt requiring action reducing by £0.196m to £0.863m.
- 1.4 The analysis provided in this report excludes non-invoiced debtors such as Council Tax, Business Rates and the recovery on non-invoiced housing benefit overpayments which are being recovered through a deduction from ongoing housing benefit payments.

2. AGED DEBT PROFILE

- 2.1 At 8 October 2021 there were 793 sundry debt invoices outstanding with a value of £1.950m (an average balance of £2,459). The total aged debt profile for sundry debtors over the last five years can be seen at Annex A.
- 2.2 Annex B summarises the current aged debt profile by service.
- 2.3 Table I below summarises the total sundry debtors older than 30 days.

Table I Sundry Debtors Older than 30 days

Date	Rent Allowance (3) £	Excluding Rent Allowance £	Total Debtors > 30 days £
31/03/2018	759,935	243,142	1,003,077
31/03/2019	780,569	379,460	1,160,029
31/03/2020	668,711	48,828	717,539
31/03/2021	586,373	472,535	1,058,908



08/10/2021	542,540	320,260 (1)(2)	862,800
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(1) The balance at 8 October 2021 includes the recovery of £74,000 of Covid-19 business grants.

(2) Sundry Debtors older than 30 days at 8 October 2021 includes 26 debtors totalling £237k where the debtor is overdue by 1-3 months.

- 2.4** From 2019/20 housing benefit overpayments recovered from claimants in receipt of housing benefit is recovered through a deduction to benefit received rather than invoiced via the Accounts Receivable system. This amounted to £156k at 31 March 2020 and £200k at 31 March 2021.
- 2.5** In order to ensure that the Council adopts a prudent approach to accounting for debt that might not be due, a “provision for doubtful debts” is made against the year-end balance. The value of this provision for 2020/21 for sundry debtors was £625,575, 72.5% of the sundry debtor balance outstanding.

3. DEBT RECOVERY PROCESS

- 3.1** The current process for debt recovery involves an automated approach being followed for the first two months with the system generating standardised reminder letters to the relevant debtors. At the end of this process, as the debt becomes 3 months old, the relevant service area is required to actively chase the debt through phone calls and further correspondence. The service area can instruct the Accounts Receivable team to take further action including referral to legal or establishing a payment plan.
- 3.2** Housing Benefit debtors (which make up 63 per cent of the current debtors requiring action) are actively chased by the Benefit recovery team.
- 3.3** Officers within Estates have worked proactively throughout the pandemic with commercial property tenants to agree payment plans without any reduction in rent payable. This has resulted in a debtors older than 30 days reducing from £0.079m at 31 March 2021 to £0.024m at 8 October 2021.
- 3.4** The aged debt position is monitored on a monthly basis with reports provided to both budget holders and the finance team. The aged debt position will continue to be monitored closely on a monthly basis to ensure proactive action is taken where necessary.



4. LEGAL IMPLICATIONS

4.1 There are no legal implications arising from this report.

5. RISK ASSESSMENT

5.1 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. This is mitigated by the Council maintaining a high level of provision for bad debt.

6. CLIMATE CHANGE IMPLICATIONS

6.1 None directly arising from this report.

7. BACKGROUND PAPERS

7.1 None

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