

Audit Committee – 28th November 2013

7. Debt Management Policy

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Purpose of the Report

This report requests that members note the adoption and the impact of the Debt Management Policy.

Recommendations

1. That Audit Committee note that the Debt Management Policy has been adopted by the Council.
2. That Audit Committee note the positive impact that the Debt Management Policy has had on debt levels

Background

South Somerset District Council has a duty to ensure cost effective billing, collection and recovery of all sums due to the Council.

Effective debt management is crucial to the success of any organisation. The Council needs an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive manner.

The Debt Management Policy sets out the general principles South Somerset District Council will apply to debt management across all services we provide.

The Debt Management Policy was endorsed by Audit Committee members in September 2012 and was approved by District Executive in January 2013. During April 2013 briefing sessions were given to Council employees and the Debt Management Policy was rolled out across the whole of the Council.

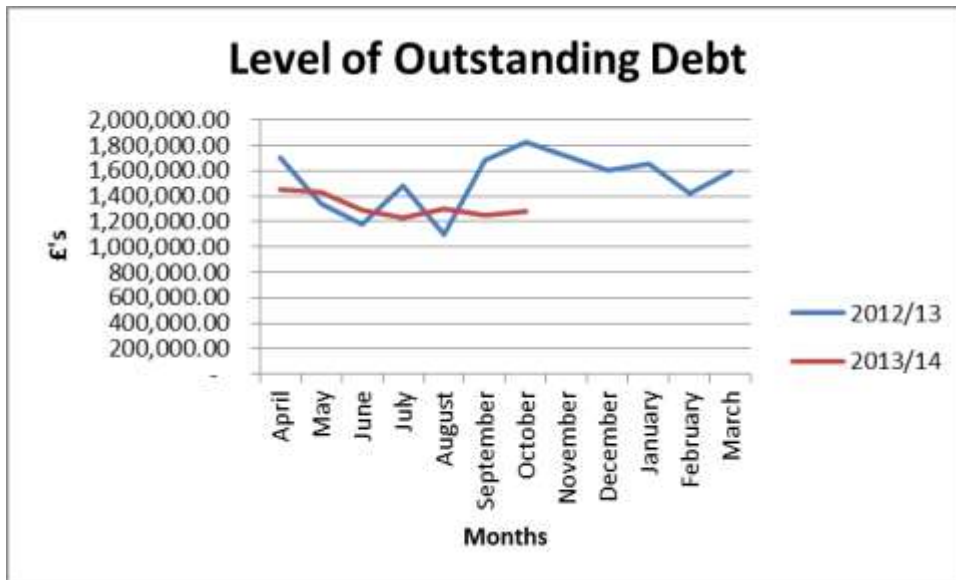
Impact of Implementing the Debt Management Policy

	2012/13	2013/14	% difference
April	1,703,337	1,446,074	(15%)
May	1,343,297	1,427,363	6%
June	1,175,788	1,285,334	9%
July	1,483,694	1,229,348	(17%)
August	1,095,160	1,295,762	18%
September	1,684,783	1,248,608	(26%)
October	1,822,542	1,279,879	(30%)
Total for Period	10,308,600	9,212,368	(11%)

Figures in brackets represent a reduction.

Please note the figures displayed above relate only to income generated for invoices raised on the financial system and not for Council Tax and Business Rates.

The graph shows that the level of debt has in general fallen, since the Debt Management Policy was rolled out in April 2013. The level of debt has also been maintained.



It is important to note that the level of debt identified above is a cumulative total meaning that any new invoices raised increases the amount of outstanding debt. The graph above shows that not only has new debt been maintained but existing debt is being managed and reduced. This has meant that short term debtor balances have been improved thus improving cashflow.

Future Monitoring

The data that is available for comparative purposes is limited. As data becomes available, Audit Committee will be updated on the impact that the Debt Management Policy has on debt levels. Future monitoring will also include a breakdown per service. This will assist in identifying those services who have issues with collecting debt because of the nature of the service users or because of resource availability within the team to collect debts.

Financial Implications

There were no direct financial implications in approving the Debt Management policy but since being implemented the level of short term debtors has reduced thus improving cashflow.

Background Papers: *Debt Management Policy*
Financial Procedure Rules
Debt Management Policy report to Audit Committee (September 2012)