



AUDIT COMMITTEE REPORT

Report Title	Corporate debt – Progress and Age debt analysis
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AGENDA STATUS: PUBLIC

Audit Committee Meeting date:	7 th November 2011
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor Alan Bottwood

1. Purpose

- 1.1 The chair of the audit committee has requested a report to be provided to each audit committee that shows analysis of debt and the age of outstanding debt across Northampton Borough Council (NBC)

2. Recommendations

- 2.1 That the audit committee note the latest updated analysis of debt.

3 Issues and Choices

3.0 Report Background

- 3.1 The corporate debt recovery team is responsible for the recovery of all overdue debt across the Council. Initially requests for payment should be requested from individual service areas, with the appropriate reminder notices issued to ensure income is collected as soon as possible. Where this has been completed and debts are still outstanding the debt is then passed to the Councils recovery team in order to seek payment of the debt. The recovery team have responsibility for recovery of overdue debt as follows:

- Council Tax
- Business Rates (NNDR)
- Business improvement district levy (NNDR)
- Council Tenants but not current rent arrears
- Former Council Tenants
- Service Charges for leaseholders
- Re-chargeable repairs – current tenants
- Re-chargeable repairs – former tenants
- Housing benefit overpayments
- Sundry debts (i.e. Council services)

3.2 The debt recovery team liaise with all service Department to ensure that income collection and debt avoidance practices are incorporated across the Council. This ensures that the quality of debts passed to the section is improving and that the requirements of the Councils Debt recovery policy can be followed in a timely manner.

4.0 Issues

4.1 Excellent progress has been made in taking a single approach to debt recovery and the Revenues debt management team will continue to work across service areas to ensure we take a truly corporate approach to debt avoidance and recovery.

5 Progress

- Data cleansing and action against old debt continues. An analysis of progress in debt reduction within the IRAS system is shown below: This is all debt from the issue of a level 2 letter, the recovery team's first involvement

	Mar-10	Mar-11	Apr-11	Jun-11	Jul-11	Sep-11
Pre 07-08	613,897.53	442,858.22	439,022.83	410,412.12	402,588.64	384,889.20
07-08	225,881.06	147,882.14	138,813.67	122,659.47	117,916.33	111,447.63
08-09	344,995.10	138,217.29	128,594.37	116,849.60	103,752.30	87,323.63
09-10	551,858.76	132,219.96	128,187.76	110,793.71	85,096.95	75,412.96
10-11		548,489.32	709,499.47	325,464.31	248,902.34	178,424.00
Total	1,736,632.45	1,409,666.93	1,544,118.10	1,086,179.21	958,256.56	837,497.42

Historic debt has been reduced by £572,170 since the end of March 2011. Which demonstrates that processes for recovery, write-off and new arrangements are still being delivered. Although, many of the arrangements in place are for nominal payment arrangements, either weekly and in some cases monthly.

- We have compiled corporate debt matrix that monitors the % of debt not currently managed within the Council. This offers “at a glance” view of all debt across the Council, along with the current status of debt. This has improved the way our portfolio holder and management board review our position on debt.

- The target this year is to continue to reduce the amount of the amount of unmanaged debt and this is demonstrated in APPENDIX A – Managed Debt Analysis 2011/12.
- Overall debt levels as at 30th September 2011
Unmanaged debt is 13.7% less than at the end of March 2011 and 36.2% less than the same time last year.
The overall outstanding arrears are £373.3k less than at the same point last year.
- Council Tax as at 30th September 2011
Unmanaged debt is 55.7k more than the same time last year, these are cases where we are considering obtaining a charging order, bankruptcy order, or committal to prison.
The overall outstanding arrears are £754k less than at the same point last year.
- Business Rates as at 30th September 2011
Unmanaged debt remains unchanged.
The overall outstanding arrears are £434.9k less than at the same point last year.
- Former Tenant Arrears as at 30th September 2011
Unmanaged debt is 53.2k less than the same time last year.
The overall outstanding arrears are £194.1k less than at the same point last year.
- Housing Benefit Overpayments Payments as at 30th September 2011
Unmanaged debt is 56.5k less than the same time last year.
The overall outstanding arrears are £841.2k more than at the same point last year. Which demonstrates that whilst working harder to collect the monies, and income collection is above target, these cases remain very difficult to collect due recovery methods available to us, and the economic climate.
- Sundry Debts as at 30th September 2011
Unmanaged debt is 504.2k less than the same time last year.
The overall outstanding arrears are £258.5k more than at the same point last year.
- Write-offs on all debt types are processed and managed within agreed timescales.

6. Choices (Options)

N/A

7. Implications (including financial implications)

7 Policy

7.1 A Corporate Debt Policy was agreed at the cabinet meeting in July 2010.

Resources and Risk

We are still reviewing the implications of welfare reform on the collection of debts across the Council. Reductions in benefits will start to have an impact in 2011/12 and then properly in 2012/13. It is estimated that for those affected, benefits administered by Northampton Borough Council will reduce by over £2million in 2012/13. Reductions in state benefits may also occur meaning household will have less money to allocate to debts they may owe to Northampton Borough Council.

8 Legal

N/A

9 Equality

An equality impact assessment, initial screening has been completed and a subsequent action plan will be created identifying areas to develop as part of ongoing assessments.

10 Consultees (Internal and External)

We will continue to work closely with the public and the voluntary sector in order to ensure that we take a fair approach to debt recovery.

11 Implications

N/A

12. Background Papers

N/A

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APPENDIX A – Managed Debt Analysis 2010/11

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
TOTAL ARREARS	21,148.5k	20,435.0k	19,288.2k	18,530.0k	17,911.3k	17,019.4k	16,862.9k	16,518.3k	15,435.1k	15,082.5k	14,844.7k	14,616.4k
Awaiting Action	2,342.3k	2,137.1k	2,476.6k	1,805.0k	1,610.3k	1,571.6k	1,444.0k	1,313.2k	1,254.1k	1,335.9k	1,291.0k	1,161.8k
Debt in Progress	18,806.2k	18,297.9k	16,811.6k	16,725.0k	16,301.0k	15,447.8k	15,418.9k	15,205.1k	14,181.0k	13,746.6k	13,553.7k	13,454.6k
% Inactive debt [PI]	11.08%	10.46%	12.84%	9.74%	8.99%	9.23%	8.56%	7.95%	8.13%	8.86%	8.70%	7.95%
CTAX	10,493.0k	10,104.6k	9,863.9k	9,090.8k	8,918.5k	8,654.8k	8,515.0k	8,285.3k	7,438.3k	7,135.0k	6,970.0k	6,806.5k
Inactive	715.8k	520.3k	429.7k	474.5k	266.1k	339.3k	368.6k	289.7k	383.5k	330.0k	401.5k	343.1k
In progress	9,777.2k	9,584.3k	9,434.2k	8,616.3k	8,652.4k	8,315.5k	8,146.4k	7,995.6k	7,054.8k	6,805.0k	6,568.5k	6,463.4k
Inactive debt	6.82%	5.15%	4.36%	5.22%	2.98%	3.92%	4.33%	3.50%	5.16%	4.63%	5.76%	5.04%
NNDR	3,296.4k	3,101.0k	2,553.2k	2,697.4k	2,237.5k	1,918.6k	1,610.6k	1,435.9k	1,242.0k	1,124.6k	1,055.9k	1,263.7k
Inactive	0	0	0	0	0	0	0	0	0	0	0	0
In progress	3,296.4k	3,101.0k	2,553.2k	2,697.4k	2,237.5k	1,918.6k	1,610.6k	1,435.9k	1,242.0k	1,124.6k	1,055.9k	1,263.7k
Inactive debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FTA	1,694.6k	1,715.1k	1,739.7k	1,772.4k	1,731.8k	1,531.3k	1,511.4k	1,498.8k	1,537.0k	1,523.2k	1,496.7k	1,396.0k
Inactive	3.0k	2.1k	758.5k	271.7k	202.9k	198.5k	215.5k	178.2k	103.8k	149.0k	88.8k	103.4k
In progress	1,691.6k	1,713.0k	981.2k	1,500.7k	1,528.9k	1,332.8k	1,295.9k	1,320.6k	1,433.2k	1,374.0k	1,407.9k	1,292.6k
Inactive debt	0.18%	0.13%	43.60%	15.33%	11.72%	12.97%	14.26%	11.89%	6.75%	9.79%	5.94%	7.41%
HBOP	3,615.5k	3,622.8k	3,650.0k	3,695.6k	3,610.7k	3,682.3k	3,761.5k	3,875.6k	3,948.6k	4,022.1k	4,077.1k	4,063.7k
Inactive	475.5k	498.2k	500.5k	415.3k	376.3k	418.1k	368.0k	391.3k	384.4k	345.0k	320.6k	270.0k
In progress	3,140.0k	3,124.6k	3,149.5k	3,280.3k	3,234.4k	3,264.2k	3,393.5k	3,484.3k	3,564.2k	3,677.1k	3,756.5k	3,793.7k
Inactive debt	13.15%	13.75%	13.71%	11.24%	10.42%	11.36%	9.78%	10.10%	9.74%	8.58%	7.86%	6.64%
SD	2,048.9k	1,891.4k	1,481.2k	1,273.8k	1,412.7k	1,232.1k	1,464.3k	1,422.5k	1,269.0k	1,277.4k	1,244.8k	1,086.3k
Inactive	1,148.0k	1,116.3k	787.9k	643.6k	764.9k	615.5k	491.9k	453.8k	382.4k	511.8k	480.0k	445.2k
In progress	900.9k	775.1k	693.3k	630.2k	647.8k	616.6k	972.4k	968.7k	886.6k	765.6k	764.8k	641.1k
Inactive debt	56.03%	59.02%	53.19%	50.52%	54.14%	49.96%	33.59%	31.90%	30.13%	40.06%	38.56%	40.99%

APPENDIX A – Managed Debt Analysis 2011/12

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
TOTAL ARREARS	19,131,164	18,858,181	17,853,179	18,300,059	17,543,736	16,546,113						
Awaiting Action	1,471,740	1,344,078	1,130,890	1,194,846	1,095,421	1,003,148						
Debt in Progress	17,659,424	17,514,103	16,722,289	17,105,213	16,448,315	15,542,965						
% Inactive debt [PI]	7.69%	7.13%	6.33%	6.53%	6.24%	6.06%						
CTAX	9,861,308	9,312,254	8,965,583	8,798,626	8,317,736	7,900,988						
Inactive	388,267	302,148	357,223	330,884	338,801	384,974						
In progress	9,473,041	9,010,106	8,608,360	8,467,742	7,978,935	7,516,014						
Inactive debt	3.94%	3.24%	3.98%	3.76%	4.07%	4.87%						
NNDR	2,523,997	2,419,223	1,949,323	2,031,969	1,624,011	1,483,784						
Inactive	0	0	0	0	0	0						
In progress	2,523,997	2,419,223	1,949,323	2,031,969	1,624,011	1,483,78						
Inactive debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
FTA	1,414,084	1,390,874	1,422,396	1,400,314	1,417,501	1,347,224						
Inactive	121,473	112,976	157,715	191,959	154,045	145,330						
In progress	1,292,611	1,277,898	1,264,681	1,208,355	1,263,456	1,201,894						
Inactive debt	8.59%	8.12%	11.09%	13.71%	10.87%	10.79%						
HBOP	4,078,858	4,132,484	4,281,919	4,245,479	4,283,298	4,323,498						
Inactive	365,030	300,500	351,403	363,711	319,252	361,588						
In progress	3,713,828	3,831,984	3,930,515	3,881,768	3,964,046	3,961,910						
Inactive debt	8.95%	7.27%	8.21%	8.57%	7.45%	8.36%						
SD	1,252,917	1,603,346	1,233,958	1,823,673	1,901,189	1,490,617						
Inactive	596,969	628,454	264,548	308,293	283,323	111,255						
In progress	655,948	974,892	969,410	1,515,380	1,617,866	1,379,362						
Inactive debt	47.65%	39.20%	21.44%	16.91%	14.90%	7.46%						