

Agenda Item No.9

Title:	Debt Recovery – Systems Update
Portfolio Holder:	Cllr While – Finance Portfolio Holder
Reporting Officer:	Andy Brown – Financial Accountant
Key Decision:	No

Purpose

To provide an update on the review and challenge of the councils debt recovery process, using the lean fundamental systems process.

Background

The debtors function is a financial support service that deals with internal and external customers. It is an integral part of the council's day to day business, ensuring invoices for fees, charges and services are raised and the associated income is collected from customers.

Members were informed of the lean fundamentals in July 2007. It is a process which is being rolled out successfully in other service areas of the councils. Its principle method is known as systems thinking with the focus on the way the work is designed and managed to meet customer demand.

Key Issues

Current System and Process

The current process works by service departments requesting invoices to be raised via the finance section to customers who have had a service provided or a fee levied e.g. licence or building control survey.

Invoices are raised electronically on the council's financial system, batch printed on official pre-printed stationary and sent out to the customer. All council invoices are immediately due, and if an invoice is outstanding automatic reminders are sent out after 21, 35 and 50 days.

Arrears reports are produced every month by Finance showing the amount of outstanding debt for each service and also by each income stream. Services are responsible for monitoring these reports but Finance will review an overall report and pick up on debt with a high age profile.

If an invoice remains outstanding after reminders are sent, the next course of action is considered. This may result in taking further action against the customer to recover the debt i.e. court proceedings but it may also be deemed prudent to write the debt off. Each case is taken on its own merits.

Lean Fundamentals Work and the Future

Following the lean fundamentals way of thinking, work has just started on capturing data on customer demand, type and frequency. This will enable the council to determine what interactions and customer contacts actually occur and begin to act upon those occurrences.

At the same time work has also been carried out on identifying an initial purpose, from a customer's perspective, of the debtors function. In simple terms this has been identified as, providing an invoice to the customer and getting the money in.

From the purpose, and still working from a customer perspective, we have begun to question what actually matters to the customer in respect of the service that is provided.

Further work will look at the measures we have in place to ensure the service is working effectively and efficiently and how these can be improved on.

For example, we will begin to look at the end to end time of an invoice, the time it takes for it to be raised to the time it gets paid. This data can then be charted to identify income streams from services that have high end to end time's and then target those areas to identify what is causing the failure.

Effect on strategies and codes

There are no effect on strategies and codes arising from this report.

Risk management implications

There are no risk management implications arising from this report.

Finance and Performance implications

The finance and performance implications are detailed within the report.

Legal & Human Rights Implications:

There are no legal or human rights implications arising from this report.

Next Steps

To continue with the review and challenge on the councils debt recovery process.

Recommendations

The Audit Committee are recommended to note the report and comment on the work being done.

Background papers

None