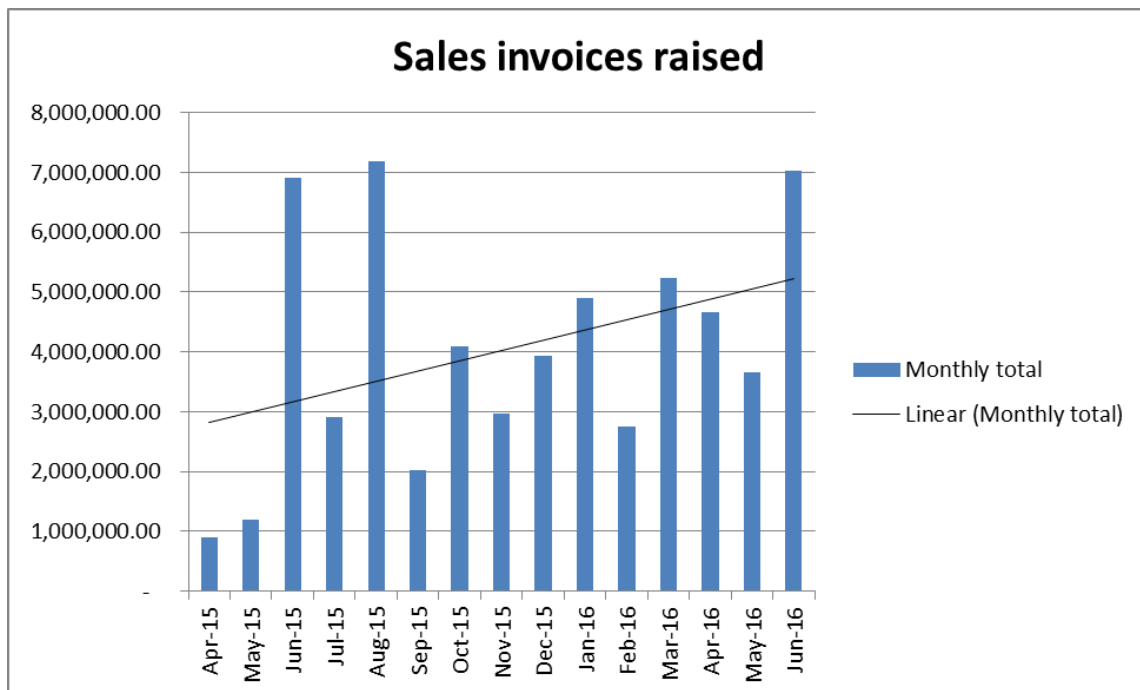
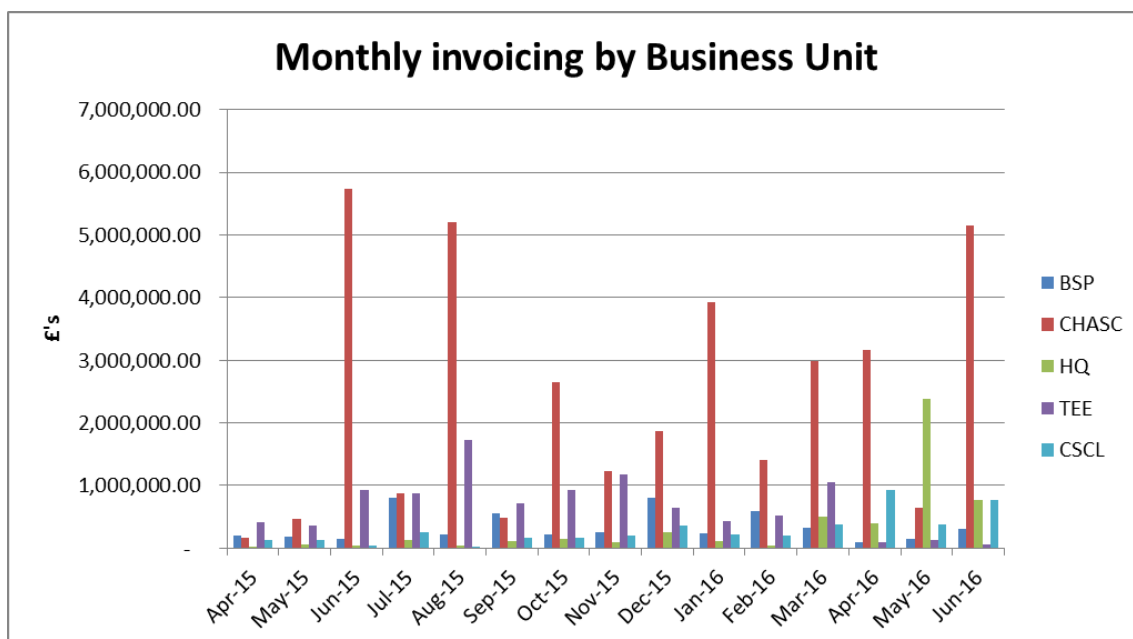


Debt reporting improvements

Trends in invoicing values

It is clear and that there is a greater value of invoices being raised across the organisation, and it may be suggested that this is as a result of the more commercial approach espoused under Future Shape. This can be seen both corporately and at Business Unit level. It is also evident that this is not just due to the increase in clients being charged within Adults Social Care.





It is evident that our invoicing does not follow a consistent pattern across the year, and this is likely indicative of a number of different cyclical activities we undertake, such as billing schools for packages, works on the highway etc.

Changes to the agedness which debt is reported against

The table below reflects the revised reporting format for aged debt, with specific emphasis on the new segment of 'over 1 year overdue'. It is clear from the first table that there is a significant value of high risk debt which has aged beyond 1 year. This was not evident under previous reporting where the oldest category was over 90 days, and where risk was not considered

This report also shows the allocation of debt to risk categories, to support Boards in better understanding the profile and likelihood of recovery of debt. It should be noted that this is an initial allocation of risk, and may not properly reflect the risk of each category of debt.

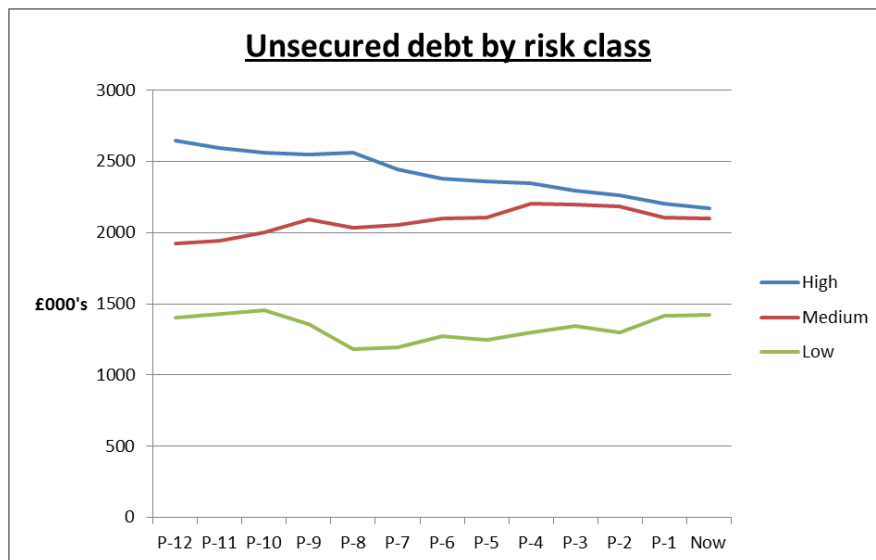
e.g. Business Unit risk profiled debt report

Debt by risk level	1-30	31-90	90 - 1 year	> 1 year	Total
Low	293,284.35	6,017.01	616,397.81	1,174,909.68	2,090,608.85
Medium	-	531,196.88	1,128,378.28	-	1,659,575.16
High	-	-	20,801.06	1,270,445.15	1,291,246.21
Total	293,284.35	537,213.89	1,765,577.15	2,445,354.83	5,041,430.22

The following report is an extract of the proposed One Council Board report to show the data above, along with the provision which exists to address the risk.

Business Unit	Risk class	1-30	31-90	90 - 1 year	> 1 year	Total	Written off this period	Value of provision
BSP	Low	68,597	-	-	12,697	81,294		
	Medium	-	33,087	395,707	-	428,793		
	High	68,597	33,087	443,311	248,102	793,096		
	TOTAL	137,195	66,173	839,017	260,798	1,303,184	-	42,178
CHASC	Low	293,284	6,017	616,398	1,174,910	2,090,609		
	Medium	-	531,197	1,128,378	-	1,659,575		
	High	-	-	20,801	1,270,445	1,291,246		
	TOTAL	293,284	537,214	1,765,577	2,445,355	5,041,430	67,570	471,119

In addition we are intending to produce profile data of the level of debt at each category. The linkages to the risk categories are still being refined so the graph below is purely to demonstrate how we will report the levels of debt over time.



Debt and provision levels

As mentioned in the covering report, we intend to include monthly updates on the level of debt and the level of provision held to mitigate the risk of that debt going bad. Below is the current level of debt and the associated provision by Business Unit.

Business Unit	Total unsecured debt overdue	Of which: >90 days overdue	Bad debt provision	Provision as a percentage of debt over 90 days overdue
BSP	1,303,184	1,099,816	42,178	4%
CHASC	3,593,470	2,245,390	471,119	21%
CSCL	1,843,402	1,495,777	93,902	6%
HQ	163,544	60,003	19,088	32%
TEE	1,024,204	468,702	126,578	27%
Total	7,927,804	5,369,688	752,865	14%

Measures of debt against sales

A measure of debt has been developed to compare the amount of debt which is overdue to the latest 12 month total sales raised. The graph below shows the trends of this measure by Business Unit. It should be noted that this report has highlighted that in some cases there are invoices raised which are a significant proportion of the annual total, and which can skew the figures for an individual month, and as such and given months figures need to be considered carefully. This metric should be considered alongside the table of agedness of debt by Business Unit in order to understand the age and risk profile of the debt.

