

Regulatory and Audit Committee

Title:	Debt processes and Progress of Recovery within the Children's Business Unit
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Summary

As part of a previous audit report the Committee was made aware of the substantial monies owed to Children's. This report provides further information on the processes followed & the current position regarding outstanding debt

Recommendation

That the Committee note the good progress in addressing historic debts, recovering much of the monies due and the work to improve processes in future.

A. Sources of Income

Children's has relatively limited income compared to budgets owing to the nature of the statutory services provided and the (young) ages of the service users affected.

The budget for income in Children's Social Care excluding grants and asylum funding is negligible. The main income for the Business Unit is analysed in the following tables:

Income areas - Fees & Charges	2017-18 budget
Educational visits and Youth service income	-78,630
County attendance team	-78,443
Education Psychology	-484,607
Managed properties	-277,532
Home to School Transport	-3,380,000

Adult Lrng (Ext Funded)	-1,198,792
Student Support –access fund for post 16	-50,703
Health contribution to staffing	-14,000
Grand Total	-5,562,707

Adult learning has little debt as much of the income is received in advance of services provided.

Client transport is the greatest income area, received through charges for home to school transport. The payments are upfront or by phased direct debits, which means that payment is always ahead of delivery of services. The client transport team identify any cancelled direct debits and can suspend services provided unless further payment is received.

Education psychology is currently not trading very much owing to difficulties in finding Educational Psychology staff to undertake the statutory work.

Managed property income has had some debt from tenants not paying which has been actively managed.

County attendance team receive income from parents who take their children out of term without permission.

Relatively speaking, the debt on fees and charges is low.

The issues with historic debts have been related mainly to:

- contributions from other authorities (including health) for care and educational services for individual children
- s106 agreement funding delays from developers relating to contributions to education capital funding
- providers who have over charged for services and the Council is seeking funding back
- Providers who pay for services from Buckinghamshire who have had difficulty in either agreeing or paying these invoices

B. Debt Recovery Processes

The Children's business unit follow the standard corporate approach for raising invoices for monies due to the Council and chasing debts.

This has recently been changed and the central finance teams will have a bigger role in chasing debt on behalf of Business Units going forward.

Over the last year the Children's Business Unit has been reviewing and chasing significant debt through use of a dedicated management accountant reporting to the Finance Director. This has resulted in significant debt being recovered by year end (and more recovered by quarter 1 in 2017.18 financial year).

There has also been a write off of debt that was not recoverable, but not until every effort had been made. In nearly all of these cases the income should not have been raised in the first place.

In other cases the significant delay in payment was due to inadequate information and evidence attached to invoices raised in the first place, compounded by changes in personnel at either party and / or a failure to proactively chase at the time.

C. Debt Recovery Processes

The latest debt reports show a much improved position on debt against Children's Business units as a result of the work during 2016/17. The process changes going forward and the lessons from this review will also help debt that is unpaid and unsecured in future be much lower.

The target for Children's business unit is to have no debt over 90 days that is unsecured.

The latest (end of June 2017) position shows debt as follows.

LA01_1	Risk Rating	Sum of 0-30 days	Sum of 31-90 days	Sum of 91-180 days	Sum of 181+ days
1-CS Children's Social Care & Learning	Low	971,069.92	607,182.07	0.00	56,696.67
	Medium	0.00	0.00	54,411.89	0.00
	High	0.00	0.00	0.00	583,788.90
1-CS Children's Social Care & Learning Total		971,069.92	607,182.07	54,411.89	640,485.57
Grand Total		971,069.92	607,182.07	54,411.89	640,485.57

The high risk items over 90- days and over £10,000 have all been individually reviewed and an explanation of the reason for the debt is shared with the Business Unit Board as part of monthly monitoring reports.

The high risk debts over £10k and over 90 days are as follows:

Name	Over 1 Yr	explanation
THE AYLESBURY VALE ACADEMY	£ 10,261	Provided for after further chasing.
OXFORD BROOKES UNIVERSITY	£ 12,000	Provided for after further chasing.
NHS Chiltern CCG	£ 14,891	Being chased along with other Chiltern CCG debts
Harrow Council	£ 18,750	Payment agreed
NHS Buckinghamshire (PCT)	£ 25,000	Now CCG. New health body not accepting liability of older body.
MACINTYRE	£ 264,096	Discussions with provider continuing.
