

Appendix 1

Debt Management Update - Cambridgeshire County Council Audit and Accounts Committee

Introduction

In September 2017, a report [as attached] was presented to the General Purpose Committee regarding the levels of outstanding debt, use of external debt collection agencies and review of aged debt targets.

The report highlighted the rising value of debts due in part to the increased charging for Adult Social Care services. It also noted that many service users do not consider the Council as a priority debt or in some cases such as Adult Social Care whether the charges should be repaid at all.

Staff recruitment and retention was a challenge with a new team being established in Northampton to enable the Cambridge debt team to focus on CCC income collection and debt reduction.

System development including the deployment of the ICON cash management system and the replacement of Oracle with ERP Gold were listed as part of the improvement strategy initiatives.

This update lists the latest debt position and the ongoing activity to stabilise and improve the value and age of CCC debts.

Outstanding Debt as at 28 Feb 2018

Directorate	Debt over 90 days old as at: 31/03/17	Debt over 90 days old as at: 28/02/18
	£	£
Adult Social Care	2,618,419	3,703,056
Children's& Families	86,637	192,495
Environment Services	102,936	207,553
Corporate Services	205,248	584,997
Total	3,013,240	4,688,101

excludes payment plan and secured debts

Whilst the above table shows an increase in debts compared with the start of the financial year, it should be noted that March is typically the month with an increase in payments and when bad debts get written-off, so a better comparison will be when the 2017/18 year-end position is available.

Debt Reduction Targets for 2018/19

The GPC report proposed the following reductions for 2018/19 against a 31 March 2018 baseline.

Aged Debt	Adult Social Care	Sundry Debt
1-90 days	3%	3%
91 – 360 days #	5%	5%
360+ days #	7%	7%

excludes payment plan and secured debts

This was the first review of debt targets since 2008 and will enable Adult Social Care debts to be separately targeted and reviewed.

Ongoing Initiatives

Since the GPC report, we have been progressing a number of initiatives designed to improve the effectiveness of managing CCC debts as follows:

- Recruitment of a credit control team in Northampton to manage NCC debts so that the team based in Cambridge can work solely on CCC debts [Previously this was combined team based at Cambridge to collect debts from both County Councils].
- Establishing a new Head of Debt & Income role to provide dedicated strategic management.
- Experienced Head of Debt & Income appointed to this new role 01/02/18.
- A new staffing structure is currently being implemented at CCC that includes an additional Senior Debt Recovery officer role. This increases capacity to manage complex cases on Adult Social Care aged debts including home visits where appropriate and progress probates.
- The CCC collection strategy is currently being refreshed and updated for review by the s.151 Officer.
- Contracts with external debt collection agencies are also under review / renewal.
- Preparations are underway for the system transition to ERP gold.

What Next?

The coming weeks will be a very busy period due to financial year-end and the system transition. Following this, we will be able to:

1. Report the final outturn position in closing 2017/18
2. Review and confirm the collection targets for 2018/19
3. Finalise the refreshed Collections Strategy.
4. Present an update report on Debt to the GPC.

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