

Agenda item - Additional Information

**Bristol City Council
Resources Scrutiny Commission
23rd March 2017**

Report of: Service Director, Finance

Title: Period 9 Finance report for Resources

Ward: Citywide

Officer presenting report: Denise Murray

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Supplementary Information for Commission

- Level of the bad debt provision estimated in the forecast outturn and comparison to the do nothing estimate of £15.9m. Likely position based on where we are in the financial year.
- Accounting treatment for bad or doubtful debts and how proactive services are in ensuring evidence is available to facilitate costs recovery.

The report sets out current budgeted provision for bad debts relating to sundry accounts of £11.8m. This should be seen in the wider context of overall general fund provision of some £30m (primarily relating to benefits). As part of year end processes we will review each of these in the round. We are currently anticipating overprovision regarding benefits that will mitigate the final sundry debt position.

Whilst there is currently a risk that sundry debt provision will be higher, as outlined in the body of the report, it is important to stress that the risk incorporates a small number of high value debts where officers are actively negotiating resolution. These include a capital project supporting a local free school, where we anticipate full repayment, and a further local institution where appropriate resolution is being progressed through the Council's property services division. Resolution of these issues alone will reduce the risk by £2.5m.

A breakdown of current sundry debts position is set out in the table below:

Directorate(T)	60-89 Days	90-119 Days	120-365 Days	1-2 Years	2 - 4.5 Years	Over 4.5 Year	Outstanding
	£'000	£'000	£'000	£'000	£'000	£'000	Amount £'000
People	983	2,883	4,402	3,138	957	357	12,719
Resources	19	9	48	56	51	11	193
Neighbourhoods	140	85	463	352	609	300	1,950
Place	193	314	748	424	482	305	2,465
City Director	0	0	104	16	15	0	135
Corporate Funding & Expenditure	0	0	20	5	17	0	43
Cost centres o/s of rev reporting	99	-15	-111	426	2,161	980	3,540
	1,434	3,276	5,674	4,417	4,292	1,953	21,045

As can be seen from the table above, the majority of sundry debts relate to social care. The normal debt collection procedures – including regular follow-up leading to court action where appropriate, the complications of the Care Act legislation now precludes legal charges being placed on property.

A more detailed analysis of social care debt is set out below:

Directorate	Directorate(T)	60-89 Days	90-119 Days	120-365 Days	1-2 Years	2 - 4.5 Years	Over 4.5 Year	Total
		£,000	£,000	£,000	£,000	£,000	£,000	£,000
	Social Care	484	483	2,338	1,605	2,165	990	8,065

All debt processes are under review. DMTs are provided with detailed reports on outstanding debt position for their respective areas, and follow-up processes are being developed to ensure effective liaison and evidence jointly made available to enable debt collection agencies to be better utilised. However the process is currently centrally driven, and the review will aim to facilitate greater responsibility within services for receipt of debts in addition to the raising of invoices.

Whilst we account for bad and doubtful debts –that does not mean we write them off. We are duty bound to, and will actively pursue all debts. Accounting is in accordance with the Cipfa code of accounting practice, which splits risks into categories, based on statistical probabilities.