

Overview and Scrutiny

14 March 2011

Supplementary Information in relation to question 3: Debts outstanding across ledgers (excluding Council Tax)

Temporary Accommodation - £8.03m

The Council collects approximately £34m per annum in rent from temporary accommodation. Some 90% is paid through Housing Benefit. £6m of the debt relates to former tenants and whilst every effort is made to trace the debtors these debts are fully provided for by way of bad debt provisions. The collection rate for current tenants is in excess of 95%.

Housing Rent - £10.42m

This is Housing Revenue Account (HRA) debt. Total rent income is approximately £73m of which some 62% is paid through housing benefit. The debt covers the past six years and includes £4.5m owed by former tenants. The collection rate for current tenants is over 96%.

NNDR - £4.1m

The Council collects over £50million in NNDR on behalf of the government; the cost of any irrecoverable debt is borne by the government.

Sundry Debt - £12.7m

£5.3m of the above is over 90 days old, half of which is owed by the PCT. The Council is presently and actively in discussion with the PCT on settling the amount due. The majority of the rest of this older debt is Social Care related which is either being paid by instalments or there is a charge on the client's property. The balance of £7.4m is under 90 days old and should be collected in full.

Leaseholder debt - £12.8m

£7.3m of Leasehold debt is in respect of major works and Decent Homes programmes on properties. Debt is either payable by instalments for which there are a range of extended payment options available to leaseholders, or the debt is also held as a charge on the leaseholder's property. The remaining debt relates to annual service charge, £3.4m of this relates to the 2011/12 charge which has been raised in the last 30 days and is largely paid via monthly direct debit.

Commercial Rent - £0.9m

Some £0.4m of this debt is over 6 months old and is either being paid in instalments or is being actively recovered through legal services.

Parking - £21.3m

This debt relates to Penalty Charge Notices (PCNs) issued over the past six years. Approximately £10.7m of the debt relates to PCNs that will not be recovered because they were either issued in error or had untraceable car registration details. Of the balance, £2.5m is live debt (waiting to be paid),

£2.6m is registered with the courts but not yet allocated to the bailiffs and £5.5m is currently with the bailiffs.

The vast majority of the debt, which is either with bailiffs or arguably should not have been recorded as debt initially, needs to be written off and this will be dealt with over the next few months. The Council has an earmarked bad debt provision against which the write-off will be charged.

The outstanding debt should, however, be seen in the context of around £50m of income collected over the comparable time period. The collection rate for parking income is 64% which is around the London average.