

Report to: **Audit Committee**
Date: **7th November 2019**
Title: **Sundry Debt**
Portfolio Area: **Support Services – Cllr H Bastone**

Wards Affected: **ALL**

Urgent Decision: **N** Approval and
clearance obtained:

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Recommendations:

That the contents of the report are endorsed.

1. Executive summary

The Strategic Debt Review was first presented to Committee in January 2018 and last reported on 21st March 2019.

This report provides an update of the position regarding outstanding Sundry Debt and Housing Benefits Overpayments collections up to 30th September 2019.

2. Background

The Council's management arrangements underpin delivery of all the Council's priorities, including the commitment to providing value for money services. Incorporated within this, is the timely collection of monies due to the Council.

Debts are recovered in accordance with the Council's Recovery Policy, <https://www.southhams.gov.uk/article/6016/Debt-Recovery-Policy>

Following the centralisation of debt recovery into one service from October 2017 and the implementation of the Debt Recovery Action Plan, Members requested regular updates to demonstrate robust control of debt recovery procedures, relating to Sundry Debt and Housing Benefits Overpayments (HBOP).

The Sundry Debt Action Plan in 2017 implemented procedures that have maintained well managed outstanding debt levels. Sundry Aged Debt remains below target, with £552k outstanding on 30th September 2019, of which £296k relates to a S106 invoice issued on 30th August 2019, therefore only just overdue. Housing Benefits Overpayment (HBOP) recovery this year has been extremely successful with £212k recovered so far.

This report outlines the latest position in relation to Sundry Aged Debt and Housing Benefits Overpayments recovery and includes data which demonstrates improved and consistently well managed debt recovery.

3. Outcomes/outputs

All Council sundry debts are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a series of reminders are issued promptly to the debtor. If this fails to secure payment, recovery is pursued through the Courts.

The length between reminder letters has been reduced and the HM Courts online service 'Money Claims Online' is being used to recover debt, alongside use of Recovery Agents. Within this process we have introduced interest charging and recovery costs.

Sundry debt continues to reduce and has been maintained below the uncollected target of £700k (Table 1) since December 2017. This year, at the end of Quarter 2, aged debt has increased slightly to £552k, when compared to the same period last year (£523k), however this figure includes a S106 invoice of £296k, plus 6 other debts totalling £76k which are subject to further action. In March 2019, there were no S106 invoices which accounts for the large variation in outstanding sums.

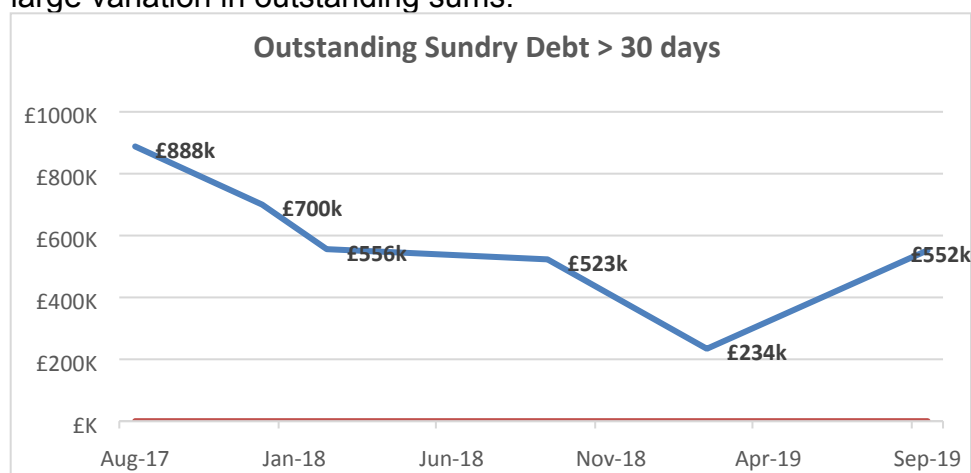


Table 1 – Sundry Debt Summary Figures since Commencement of Reporting to Committee

The consistent approach used for recovery of Housing Benefits Overpayments has produced excellent results. The ability to deduct from Benefits awards and Department of Work & Pensions (DWP) payments, plus applying Attachment of Earnings Orders through employers, as well as direct payments have all contributed to the success. The total sum of outstanding Overpayments in July 2018 was £1199k and is now reduced to £869k (Table 2). The number of cases has reduced, from 1085 in July 2018 to 692 at the end of September 2019.

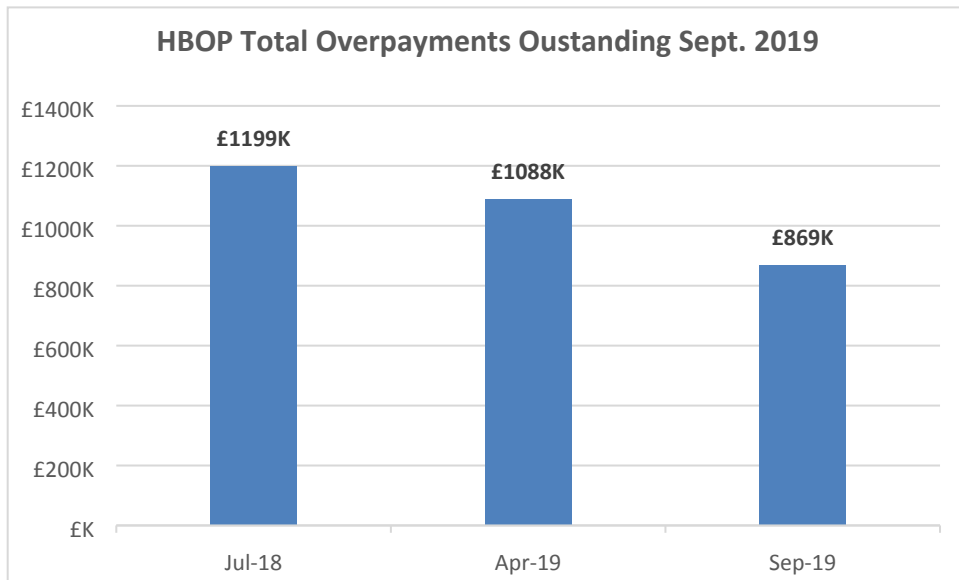


Table 2 – Housing Benefits Overpayments Total Sum Outstanding for Recovery.

Last year's collection of Housing Benefits Overpayments surpassed all expectations with £461k being recovered by the end of March 2019. This year, we have recovered £212k within the first two quarters (Table 3), a slight increase against the same period last year (£199k).

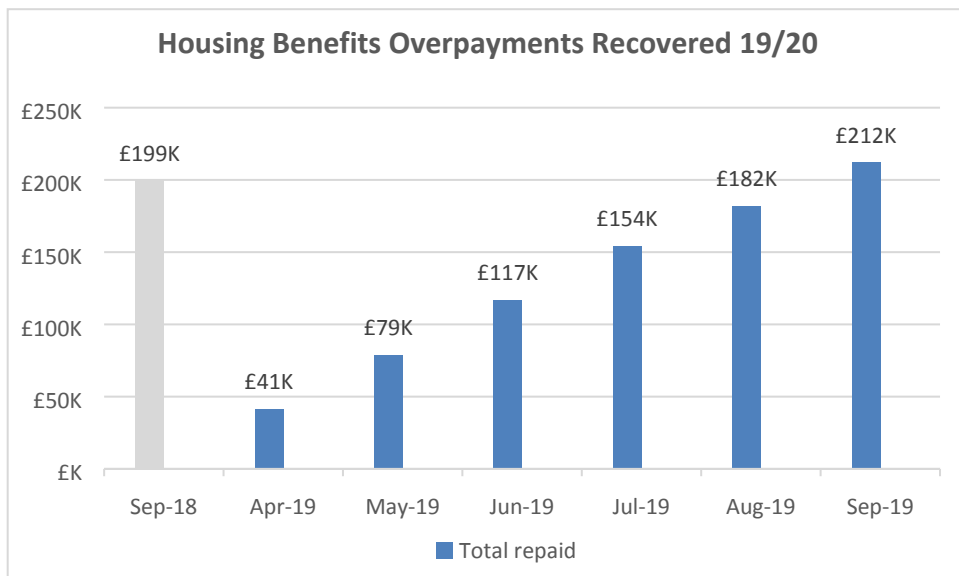


Table 3 – Housing Benefits Overpayments Recovered since April 2019 and compared to September 2018.

The tough approach with customers and improved use of external electronic resources have all contributed to the success in HBOP recovery. There is an expectation that recovery will reduce year on year as collection becomes more difficult. We also expect to see fewer overpayments being created due to the introduction of DWP Real Time Information referrals.

In some cases pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation. These cases are fully investigated before being put forward for write off in accordance with the Councils Write Off policy. The most recent Write Off report on 19th September 2019, <http://mg.swdevon.lan/mgChooseDocPack.aspx?ID=1152> included 9 cases of uncollectable old sundry debt totalling £2314, and 26 cases of HBOP under £5k totalling £19004 and 1 case at £7615, all of which were written off. Q2 is yet to be reported.

4. Proposed Way Forward

The Committee note the content of the report and continue twice yearly reporting.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The guidelines for Statutory Interest Charging and adding recovery costs falls under the European Directive 2011/7/EU on Combating Late Payment in Commercial Transactions. Enforcing successful legal action for recovery of debt is dependent upon a robust system of ensuring correct business names are recorded within our systems.
Financial	Y	Improved income collection, resulting in less impact of uncollectable debt on the Income and Expenditure Account due to fewer write offs.
Risk	Y	There remains a risk of income not being collected. The Debt Recovery Plan alongside the Debt Recovery Policy seeks to minimise this. Risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue and these are written off in accordance with the Council's Write Off Policy.

Supporting Corporate Strategy	Y	Delivering efficient and effective services
Comprehensive Impact Assessment Implications		
Equality and Diversity		All enforcement action that is taken is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding		N/a
Community Safety, Crime and Disorder		N/a
Health, Safety and Wellbeing		N/a
Other implications		A bad debt provision is built into the financial management of the Authority

Background Papers:

Audit Committee 21st September 2017 - Update on Progress on the 2017-18 Internal Audit Plan (includes update on Strategic Debt Review).

Audit Committee 30th January 2018 – Strategic Debt Review

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes