

Report to: **Audit Committee**
Date: **9 February 2021**
Title: **Sundry Debt**
Portfolio Area: **Support Services – Cllr C Edmonds**

Wards Affected: **All**

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

Date next steps can be taken: N/A

Author: **Clare Scotton** Role: **Finance Business Partner**
Pauline Henstock **Head of Finance Practice**
and Deputy S.151 Officer

Contact: **01803 861559** clare.scotton@swdevon.gov.uk
01803 861377 pauline.henstock@swdevon.gov.uk

Recommendation:

That the Audit Committee note the position in relation to Sundry Debt

1. Executive summary

- 1.1 The Council is responsible for the collection of: Sundry Debts, Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates (NDR).
- 1.2 Following the last position update on 29th October 2019, the report scheduled for 24th March 2020 was postponed due to COVID-19. This report provides members with an update of the position of Sundry Debt and Housing Benefits Overpayments up to 30th September 2020.

2. Background

- 2.1 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 as published on our website.

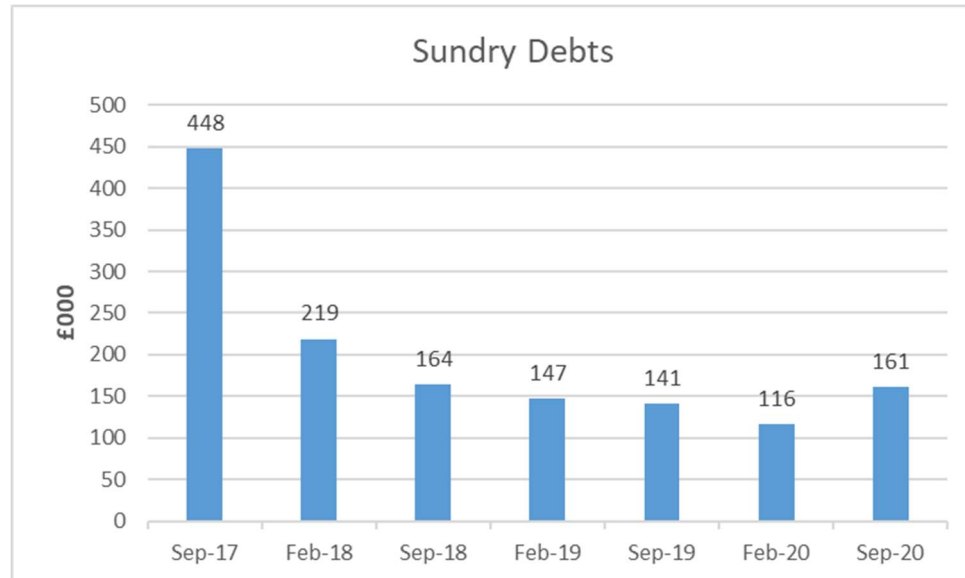
- 2.2 Following the centralisation of debt recovery into one service from October 2017 and the implementation of the Debt Recovery Action Plan, members requested a series of updates to demonstrate robust control of debt recovery procedures, particularly relating to sundry debt.
- 2.3 The implementation of a comprehensive action plan has resulted in robust recovery procedures. This report outlines the latest positions in collection relating to Sundry Debt and Housing Benefit Overpayments by providing data that demonstrates the progress made.

3. Outcomes/outputs

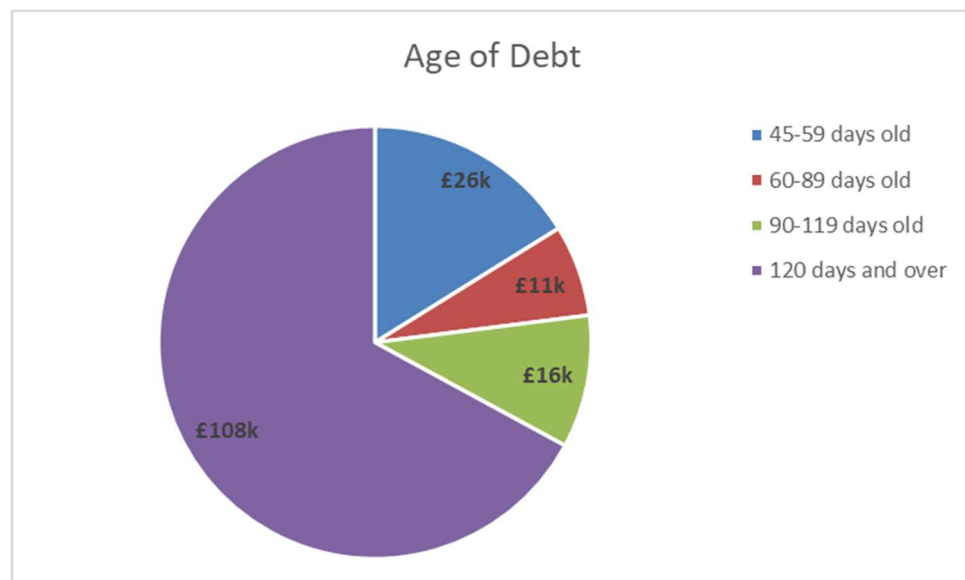
- 3.1 The arrears covered in this report are split into three categories as follows:
 - a. Sundry Debts
 - b. Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit
 - c. Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit
- 3.2 All 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.
- 3.3 The Council took the decision to pause the chasing of Sundry Debts at the start of the pandemic but this process was resumed in the Summer and reminder letters are being sent out regularly.

Sundry Debts

- 3.4 The balance of arrears for Sundry Debts over recent years is summarised below. Sundry Debts consist of Estates Management, Licencing and Housing. This excludes car parking fines which are included on a different system.



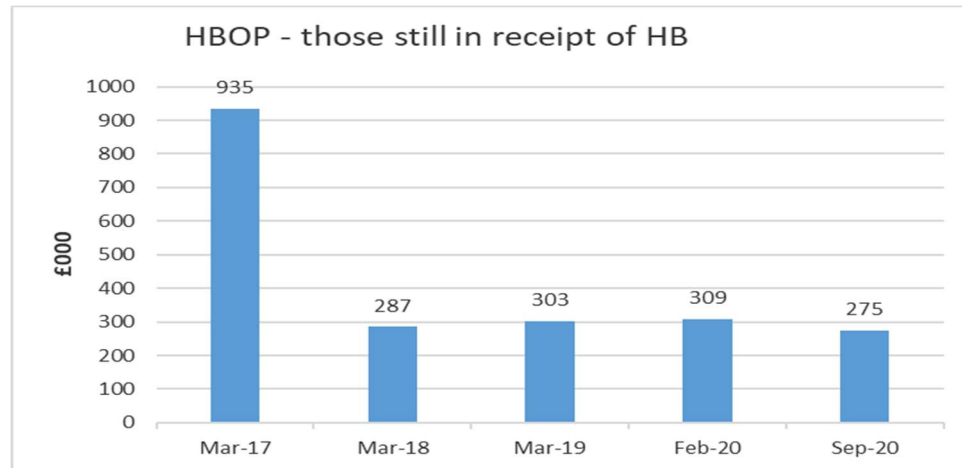
- 3.5 This balance of £161k can be further broken down by age category to give a clearer picture of the nature of Sundry Debt arrears, as follows.



- 3.6 The current balance for Sundry Debts of £161k includes only three high value debtors (in excess of £10k). These all appear to be low risk debtors where the likelihood of recovery is considered high. A bespoke report has been commissioned from the IT system supplier, on further aged debt analysis reporting, to further report on all debt over 120 days old.

Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit

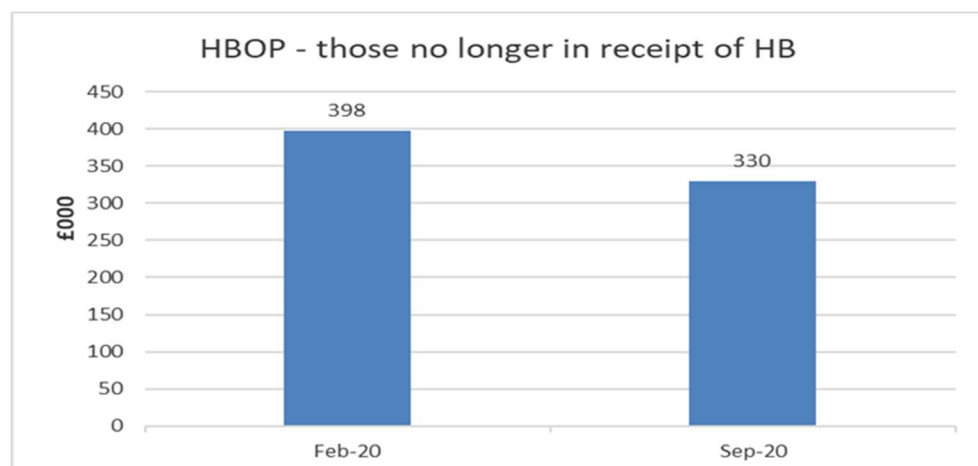
3.7 The balance of arrears for Housing Benefit Overpayment Recoveries from those still in receipt of Housing Benefit is £275k as at 30th September 2020, a slight decrease on the balance of £309k as at 1st February 2020. The balance over time can be seen on the chart below.



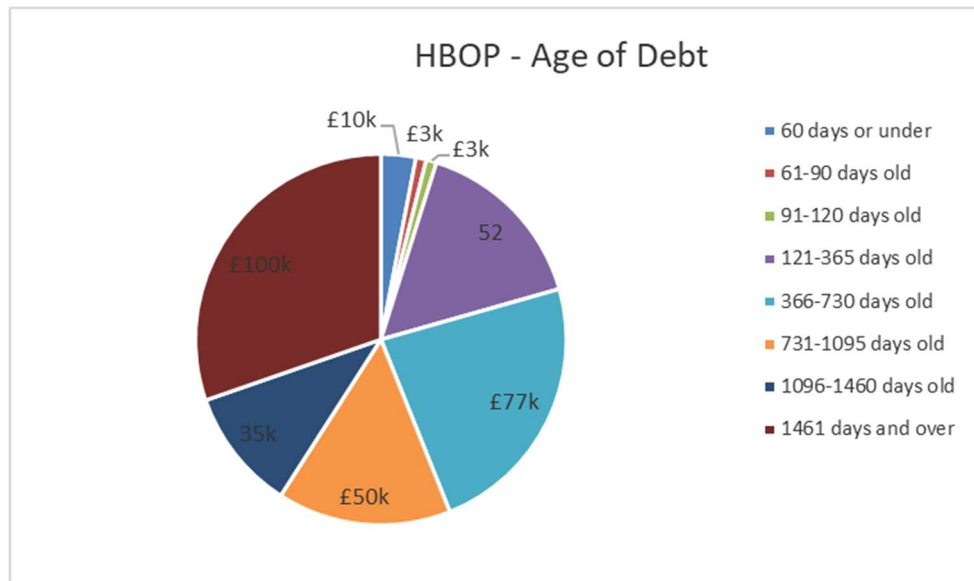
3.8 Recovery action was paused following the initial lockdown in March but this process is now back up and running. The Case Management team make every effort to identify overpayments promptly and so begin the recovery process whilst amounts are still relatively low. By recovering these debts whilst people are still in receipt of Housing Benefit, the ease of recovery is greater, as is the likelihood of full recovery.

Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit

3.9 The balance of arrears for Housing Benefit Overpayment Recoveries from those no longer in receipt of Housing Benefit is £330k as at 30th September 2020, well down from the balance of £398k as at 1st February 2020.



- 3.10 The amount outstanding is continuously monitored and well managed for both categories of Housing Benefit Overpayment Recoveries. A downwards trend is expected as members of the public move increasingly from the Housing Benefit system over to the Universal Credit system.
- 3.11 The effect of this will be that less Housing Benefit will be administered by the Authority and so the amount that is overpaid will reduce.
- 3.12 The balance of £330k can be further broken down by age category to give a clearer picture of the nature of these arrears, as follows.



4. Options available and consideration of risk

- 4.1 The Business Manager for Case Management is keen to continue to focus on debt recover and it is anticipated that every effort will be made to recover monies owed to the Council promptly. Where this isn't possible, the debt recovery procedures will be followed and overdue debts will be duly followed up.

5. Proposed way forward

- 5.1 The Committee note the content of this report and continue half yearly reporting.

6. 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 implications to include reference to value for money	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		The debt recovery process supports all six of the Corporate Strategy Themes of Council, Homes, Enterprise, Communities, Environment and Wellbeing.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place.
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	N	N/A
Other implications	N	None

Supporting Information

Appendices:

None

Background Papers:

None

Approval and clearance of report

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